

ONESOURCE[®]

Case Study

KEY INGREDIENTS TO TAX OPTIMIZATION FOR THE CHEESECAKE FACTORY[®]

One of the challenges facing the three-person income tax department of The Cheesecake Factory was the lack of a streamlined compliance process.



THE CHEESECAKE FACTORY TAX DEPARTMENT USES A 360° GLOBAL TAX SOLUTION, INCLUDING:

- ONESOURCE Tax Provision
- The Active Workpapers module of ONESOURCE Tax Provision
- ONESOURCE Income Tax
- ONESOURCE provision and return integration solution

OVERVIEW

When looking to standardize its processes, the company's tax department turned to the Thomson Reuters ONESOURCE suite of tax products. The main decision criteria for choosing ONESOURCE Tax Provision was to automate the process and gain the ability to reuse data in ONESOURCE Income Tax, which it has used for many years.

CHALLENGES

- Over dependence on manual data entry, such as manually typing M-items into the tax return software.
- Time-consuming processes, such as balancing the provision in Microsoft[®] Office Excel .

RESULTS

- Utilizing the Active Workpapers module directly mapped the tax department's custom calculations into ONESOURCE Tax Provision, saving substantial time on currents, deferred items, state modifications, and apportionment rates.
- Book-tax differences and adjustments for compliance purposes were already available in ONESOURCE Tax Provision, ensuring one single set of calculations and workpapers for all income tax processes.
- Leveraging the ONESOURCE provision and return integration solution saved time on their return to provision true-up adjustment, as well as automatically entering all the M-items in the tax return.

SPOTLIGHT ON THE CHEESECAKE FACTORY:

Offering more than 200 menu items, The Cheesecake Factory has been satisfying customers around the United States for over three decades. The Southern California-based corporation is considered an industry leader with more than 160 upscale, casual, and full-service dining restaurants in 35 states.

The Cheesecake Factory's tax department:

- Staff Size: 5
- Focused on Income Tax: 3

Spotlight on Michelle Nachman, MBT, CPA:

- Working in tax since 2001
- Senior Tax Manager at The Cheesecake Factory
- Involved in compliance and planning for federal, multistate, ASC 740, sales & use, and property tax

"As part of the original decision making process, one of the main reasons for choosing to license ONESOURCE Tax Provision at The Cheesecake Factory was the fact that it integrated with our existing ONESOURCE Income Tax."

Michelle Nachman
Senior Tax Manager
The Cheesecake Factory



IMPLEMENTING ONESOURCE

Implementation of ONESOURCE brings with it new experiences and lessons learned. The integration between ONESOURCE Tax Provision and ONESOURCE Income Tax coupled with the ability for a return to provision true-up posting directly into provision has been helpful for the small, but growing tax department of The Cheesecake Factory. According to Michelle Nachman, senior tax manager, one of the key benefits of having the provision in the software will be the time saved because the provision calculation will always be balanced.

A major drawback of relying entirely on spreadsheets is the lack of controls and the potential for errors, especially when the spreadsheets include a large, complicated calculation and allow multiple people to make changes. One of the primary challenges was trying to balance the provision and related journal entry, an effort that could take up to a week using only Excel. In the past, Michelle spent many late nights working to achieve a balanced provision. She is looking forward to working normal hours next January and avoiding such a heavy reliance on spreadsheets.

Additionally, Michelle says her tax department is experiencing tremendous time savings using the Active Workpapers module of ONESOURCE Tax Provision. Primarily, Michelle uses this spreadsheet-like solution to bring in all her state and federal currents. "I have it mapped so that I calculate my current items just like I do for quarterly estimates. Then, I take that spreadsheet, attach it to my mapping tab and load it into ONESOURCE Tax Provision. All my currents are in and my deferred items are calculated!"

In deciding how to implement this critical software function, The Cheesecake Factory tax department opted for an on-site implementation where the Thomson Reuters professional services team could review data and ask questions in person before heading back to the office to begin the bulk of the process. This face time was critical to assuring an efficient and thorough software setup and getting the implementation done right the first time.

"Balancing the provision in spreadsheets is usually the cause of all my late nights in January, and can take me up to a week. If I could do the whole provision in ONESOURCE Tax Provision and not need to worry about trying to get the journal entry to balance in Excel, that would save me a week of time during year-end."

Michelle Nachman
Senior Tax Manager
The Cheesecake Factory

GOALS

The Cheesecake Factory department is embarking on a plan to fully automate the remaining parts of their provision process by early 2012. They are taking steps to further streamline their provision process to become more efficient.

With the 2011 goal of automating the journal entry and Payable inside of the software, Michelle can "go live" with every aspect of her tax accounting for her January 2012 provision. Once the department's process is fully automated, Michelle expects to accelerate her provision and save a week during year-end. Additionally, she understands that more can be done with the functionality in the Active Workpapers module, and looks forward to learning more about how others in the industry are utilizing it.

The implementation of ONESOURCE Tax Provision and enhanced integration with ONESOURCE Income Tax has involved training and organizational development, but it has helped The Cheesecake Factory's compliance department work smarter and faster.

