

Bloomberg Tax

Case Study

How a Fortune 500 Company Simplified State Tax Provision and Audit Review

How one tax team managed increasing state tax complexity

A Fortune 500 provider of electrical and mechanical services for commercial real estate needed a provision process that could keep pace with its growth. With more than 120 entities and four to five acquisitions a year, its 10-person corporate tax department faced an expanding volume of state calculations and mounting pressure at close.

Bloomberg Tax Provision helped the team automate those calculations, produce reports auditors could trace, and shift its attention from checking spreadsheet formulas to explaining results. Implementation took one month, followed by about a year of parallel validation before the team retired its Excel-driven provision process.

Objectives:

- **Manage a growing volume of state tax calculations** for 120 entities and regular acquisitions.
- **Improve audit trails and support** without adding manual burden.
- **Decrease time spent on repetitive tasks**, such as fixing formulas or validating results.

Results at a glance:

- Implemented Bloomberg Tax Provision in one month with weekly guidance from an implementation specialist.
- **Standardized state calculations** to support a growing business with roughly 500 state returns.
- Gained traceable reports that made calculations **easier for auditors to review**.
- **Reduced manual cross-checking** so the team could spend more time analyzing changes in results.

The challenge: Growth put the spreadsheet process under strain

The company had relied on Excel for more than 30 years. As its operations expanded, each acquisition added entities, jurisdictions, and calculations to maintain. Its auditor also required the team to move from a blended deferred state tax rate to state-by-state calculations.

> "Every time we acquire another company, everything grows exponentially."
>
> - Tax Director

Qualifying one entity to do business in another state could trigger six new calculations, each requiring formulas, supporting information, and links to be created and checked. Large files, overwritten formulas, and broken links made that work increasingly difficult to manage.

The first software implementation left critical work in Excel

The tax director initially chose a familiar provision software provider, expecting its compliance and provision platforms to work well together. More than a year into implementation, the system still did not meet the team's needs.

Taxable income had to be entered into the software, exported to Excel for net operating loss adjustments and state tax expense calculations, and then re-imported. Reports displayed static numbers without formulas, making it difficult to trace how the results had been calculated.

> "It's a recipe for disaster with so many state returns."
>
> - Tax Lead

Those limitations added pressure to an already demanding reporting schedule. The team prepared a monthly provision for internal reporting, with tighter deadlines and greater auditor scrutiny at quarter-end and year-end. Manual work slowed the preparation of consolidated provision entries, auditor documentation, and financial statement footnotes.

The solution: One month to implement and a clear path to confidence

Already a customer of **Bloomberg Tax Research and Fixed Assets**, the tax director evaluated **Bloomberg Tax Provision**. Its state calculation capabilities and familiar design addressed the problems the team had struggled to resolve. Implementation consisted of a weekly one-hour call with a specialist who demonstrated the setup, assigned next steps, and answered questions before moving forward. **Within four weeks, the system was in place.**

To build confidence with the CFO and auditors, the tax director ran **Bloomberg Tax Provision** alongside Excel for about a year, including a full year-end close. The results matched the company's spreadsheets, giving leadership the confidence to retire the Excel-driven process and rely exclusively on **Bloomberg Tax Provision**.

> "I was immediately impressed that it seemed so easy to use and comprehensive – and able to do state calculations, which was a big, big plus."
>
> - Tax Director

> "A year and nothing versus a month and satisfaction with Bloomberg Tax."
>
> - Tax Director

> "I can be so much more confident in my calculations. I don't have to worry that I built the formula the right way."
>
> - Tax Director

The results: Connected calculations reduced manual checks

Built-in formulas and automated calculations reduced the need to create and verify spreadsheet links. When a net operating loss was generated or used in a current calculation, the system automatically updated the deferred rollforward. Adding a state also automated the associated current calculation, deferred rollforward columns, and payable entries.

For this Fortune 500 tax team, the results speak for themselves. Though one tax director was initially hesitant to abandon her legacy software implementation after so much time and effort, she now reflects, "I am so glad that we made that decision."

Support confidence in your tax provision

Bloomberg Tax Provision helps tax teams manage provision calculations and reporting. Learn how it can support your team's close process and fit into a broader approach to tax workflow automation.

Request a demo of Bloomberg Tax Provision.

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