

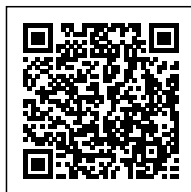
# SOLVING THE INTERNAL-EXTERNAL COMPLIANCE DILEMMA - SOLVAY

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## **Tax is playing an increasing role in helping to decide Solvay's corporate strategies, prompting new thinking in the way issues are managed, says Josep-Maria Gascón**

El Derecho fiscal tiene un papel cada vez más importante en la toma de decisiones estratégicas de Solvay, afirma Josep-Maria Gascón, Responsable Fiscal Internacional. El grupo con sede en Bélgica se está reestructurando para convertirse en una de las empresas líderes del sector químico, lo cual requiere una visión más estratégica de su propia organización.

Global industrial manufacturing company Solvay is currently repositioning itself to become one of the world's leading chemicals companies. For the Belgium-based group this means having to look more strategically at how it organises itself internationally, how to manage itself more efficiently internally, and this means drawing particularly on its Iberian expertise.

In this respect, Solvay's 25-person international tax team is playing a more high-profile role in helping to define not only where but how the company grows, says the Global International Tax Manager Josep-Maria Gascón.

"The team has traditionally dealt with all kind of tax issues, from planning acquisitions and disposals, joint-ventures and structural changes, to audits, litigation and pure compliance. Our principle is to increase, in the most optimal way, shareholder value. But as we face more complex tax environments, across the EU and elsewhere, our input is becoming more significant."

Gascón maintains responsibility for the Group's tax affairs in Spain and Portugal, but in order to gain a more comprehensive overview he relocated to Brussels three years ago and now also leads Solvay's Global International tax practice. Part of this responsibility includes heading the redesign of the tax compliance and reporting processes at Group level and has playing a role in developing further the group's Shared Services Centres (SSC) located in Carnaxide, Portugal.

"Solvay has had a SSC for finance and HR issues since 2005, but a drive for greater efficiencies and the ability to capitalise on new technologies prompted us to look also at how we manage our tax compliance needs," he says.

The ability to draw on such support to manage day-to-day and generic compliance issues, enables the Group tax force to focus on more value-added areas, he says. Solvay last year began a major restructuring initiative, called Horizon, reassessing its internal needs after divesting its pharmaceuticals business and acquiring French Group Rhodia, and refocusing towards a core chemicals business.

"Part of what we have been trying to do is reduce the monthly or yearly peaks in compliance and accruals demand, to help automate as much as we can. And to decrease the paperwork and control workload of central and local resources in order to redeploy to more strategic roles."

The tax group as a whole looked at what work we were routinely undertaking and the various models to help streamline processes, including outsourcing models, before finally choosing an in-sourced model, he explains. "The perception was, and has proved to be, that the SSCs offer the benefits of a centralised, standardised and automated compliance function that nonetheless remains close to the business and decision-making processes."

The debate behind the relative merits of the models was "lively", says Gascón, and prompted a need to think objectively rather than looking at the best interests of individual teams.

"As regards compliance, which is what the SSC now focuses on, the tendency in recent years had been to look at only one aspect of the dilemma facing us – the people, and more specifically theirs or ours?. However, what is now clear is that effective tax compliance is about getting the right blend of three elements: people, process and technology."

The exercise has helped convince him that in-house lawyers need to adopt a more demanding "menu" approach to managing company issues. "We need to define what tasks to keep in-house, what the business itself can do, and to improve the way they are done, and whether to outsource – and have the entire team using the same technology and accessing the same information at the same time."

With hindsight the benefits of such an approach are clear. But such a dramatic change demands a shift of mindset and is consequently having an impact on Solvay's entire tax function, says Gascón.

"We have been tasked with redesigning the tax processes which involves not only changing the way matters are organised but also the way in which we work together. In a certain sense, we have been used to having the time to do things well. Now we will have to continue doing things well, but much faster!"

Josep-Maria Gascón is the Global International Tax Manager at Solvay. Based in Brussels he has responsibility for tax affairs in both Spain and Portugal, and was a 40 under Forty Winner.

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