

## **SHORT TERM SOLUTIONS FOR MANAGING AND IMPROVING WORKING CAPITAL**

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Due to the recent credit crisis working capital has become more important than ever. Most industries rely extensively on working capital for their day-to-day operations and could face problems now that credit is hard to find. Moreover, highly leveraged companies tend to depend on loan covenants and could be in trouble in the event of a breach of covenant ratio's.

TPA, MÖBIUS and ICA offer a combined approach to manage and improve working capital. These companies are staffed with highly reputable specialists offering extended expertise in tax and transfer pricing effective supply chain optimisation, in-depth supply chain and business process knowledge and foreign investment analyses. With our combined approach we are able to offer working capital 'health checks' and short term improvement recommendations from various angles.

Example of Short term operational improvements include:

### **1. Quick reduction of inventory levels**

In order to reduce inventories while increasing customer service, MÖBIUS has a proven expertise in helping companies meeting their inventory challenge.

- Supported by a state of the art methodology & toolset;
- Directly delivering stock parameters for day to day operations; and
- Immediately impacting working capital requirements.

### **2. Transfer Pricing efficiencies**

In order to stay competitive in an increasingly challenging market, multinationals will have to closely monitor the efficiency of their internal and external supply chains. Taking the business reality as a starting point, TPA assists multinationals in creating tax and transfer pricing efficient structures that relate to inter-company transactions. Such structures may involve:

- Creation of tax and cash-flow efficient regional and global business structures, e.g. centralised purchasing platforms, global trading centers (including Foreign Exchange risk management), sales and marketing structures, SSC's, centralised hubs for management of brand, product and process technology; and
- Introduce and implement global Treasury policies allowing the multinational to manage and monitor its global treasury functions in a tax efficient manner.

### 3. Indirect Tax & Custom Duties management

Several customs duty planning techniques may have a significant impact on working capital needed for day-to-day operations. Examples of Short term improvements that may significantly reduce import duty payments:

- Use of Inward Processing Relief (IPR) for import duty on goods imported for processing from outside the EU. If the goods made from the imported products are re-exported outside the EU no duties are payable. Processing can be anything from repacking the goods to complicated manufacturing. IPR can apply also to consumables;
- Use of “prior sale for export” rule. The majority of import duties are based on the value of imported goods. Where the same goods have been subject to series of sales without alteration prior to import, under conditions, the lowest transaction price could be used to calculate duties; and
- Use of bonded warehouse: Imported goods can first be stored in a bonded warehouse. Duties will not be payable if exported again outside the EU. For goods destined for EU, duty and VAT payment can be postponed until removal from the warehouse.

### 4. Optimizing location portfolio’s within corporate supply chains

- Re-evaluation of your sales, marketing and service office network;
- Relocation and centralisation of production plants to cost competitive locations;
- Rationalisation and migration of supply chain logistics and SSC’s; and
- Use of advanced web based software to benchmark and optimize your existing location portfolio with competing alternative locations: [www.locationselector.com](http://www.locationselector.com).





#### **About TPA**

Transfer Pricing Associates is the leading independent specialist provider of Global Transfer Pricing, Valuation & Supply Chain Management services to multinational Enterprises in a wide variety of industries, from its own offices in the major financial centres around the world and through a strong network of alliance partners. A complete description of their innovative service offering can be found on the website. For more information visit [www.tpa-global.com](http://www.tpa-global.com)

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#### **About MÖBIUS**

MÖBIUS is an independent consulting firm, which helps its clients in solving complex business issues in the domains of Supply Chain Management & Business Process Management. Serving its client base from offices in Belgium, France, UK and the Netherlands, MÖBIUS delivers measurable benefits to a wide variety of industries and government organisations. For more information visit [www.mobius.eu](http://www.mobius.eu)

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#### **About Investment Consulting Associates – ICA**

Investment Consulting Associates (ICA) is specialized in foreign investment analyses and leading provider of international business intelligence software development for corporate as well as government organisations. ICA has recently launched its Foreign Direct Investment Advisory Platform including LocationSelector.com. For more information visit [www.ic-associates.com](http://www.ic-associates.com)

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