

*Standardize the data. Control the process.
Track the changes. Connect the team.*

MANAGING STATE APPORTIONMENT

Has your tax organization implemented controlled processes for gathering, calculating, and reviewing apportionment? Are you able to follow a meticulous audit trail to track all apportionment details on your tax returns back to the original source? Is your apportionment data centralized, of high integrity, and immediately accessible to the compliance, tax accounting, planning, and audit teams?

If you answered “no” to any of these questions, you aren’t alone. In fact, as a result of resource constraints, lack of adequate automation, or limited process expertise, some of the most advanced tax departments have been unable to address the complexities and often convoluted processes surrounding state tax apportionment. And given that apportionment is so fundamental to the tax function—integral to compliance, audit, provision, and planning—this ongoing inattention has only fueled greater inefficiencies and increased risk of error.

Today, with Liquid Engines, things can be different.

Liquid Engines’ Apportionment Management Solution (AMS) combines unique process improvements with easy-to-use software to streamline the collection, sourcing, calculation, and reporting of apportionment data. With AMS, data is consistently handled, standard calculation methods are followed, changes are tracked throughout the process, and information is easily shared across all tax functions. Designed to relieve overburdened tax departments, Liquid Engines AMS lays the requisite foundation for meeting today’s ever-increasing demands for information, accuracy, and transparency.

Key Benefits of Liquid Engines AMS

Certainty of data that translates into increased confidence, elimination of surprises, and reduced risk

Elimination of countless hours allocated to data gathering, reconciliation, error checking, and spreadsheet maintenance

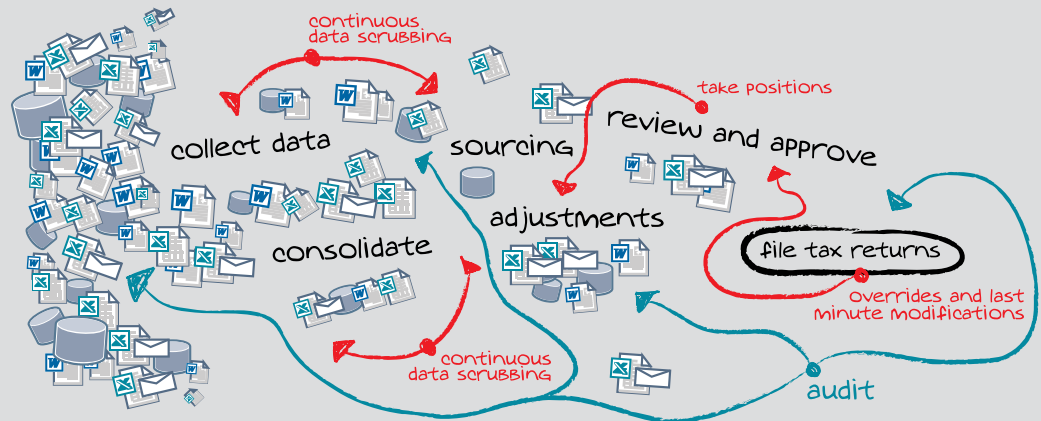
Increased visibility and accountability with comprehensive audit trail and document tracking

Enhanced auditor confidence with controls and by-entity, by-state effective rates

Streamlined state compliance, provision, audit, and planning processes

Traditional Apportionment Methods Fall Short

The vast majority of state apportionment analyses take place offline in multiple spreadsheets, leading to a host of inefficiencies with predictably painful results. A closer look reveals that these inefficiencies are created, and compounded, all through the process—from data collection to reporting.

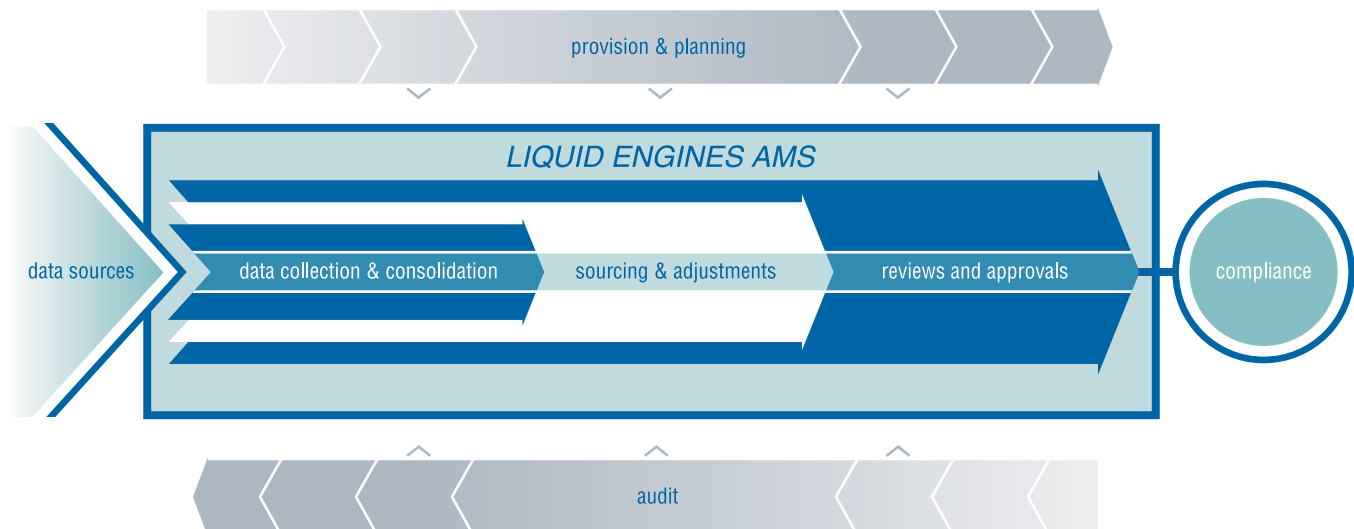


Key Issues:

- ✓ Labor-intensive, error-prone spreadsheets are used throughout the process.
- ✓ Data is collected from multiple sources and methods vary from hand keying to bulk imports.
- ✓ Spreadsheet-based tax packages are easily altered by users, introducing inconsistencies into the process.
- ✓ Data consolidation is a cumbersome and largely manual process.
- ✓ Changes and adjustments are frequent and rarely documented—making it difficult to track them back to the original source.
- ✓ Supporting materials are rarely centralized or consistent, and are often misplaced—impeding the ability to quickly “re-create history”.
- ✓ Segregation of duties and security are virtually impossible to enforce within manual processes.
- ✓ Satisfying requests for information is encumbered by spreadsheet-based reporting methods.
- ✓ Questionable data integrity can compromise decisions being made in other functions.

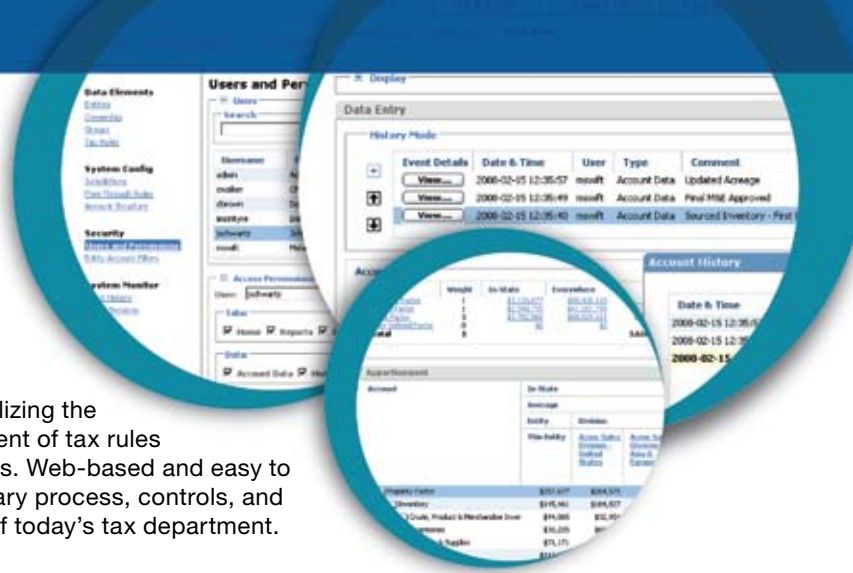
The Liquid Engines Approach

Providing a single foundation for data collection, management, and reporting, AMS transforms traditional state apportionment methods into an efficient, transparent process that offers high data integrity. Designed to seamlessly integrate with other systems, AMS complements and improves existing compliance, audit, provision, and planning efforts.



LIQUID ENGINES AMx— Next-Generation Technology for Today's State Tax Operations

AMx—the technology foundation for Liquid Engines' Apportionment Management Solution—improves existing compliance, audit, provision, and planning processes by centralizing the collection and sourcing of state apportionment data, management of tax rules and positions, and calculation of division and partnership rollups. Web-based and easy to use, the next-generation AMx architecture provides the necessary process, controls, and audit trail to support the demanding information requirements of today's tax department.



STANDARDIZE CONTROL TRACK CONNECT

Ensure Data Consistency and Single Source of Truth

Offering configurable, web-based tax packages and robust data import facilities, AMx ensures that apportionment details are collected and consolidated in a consistent manner, streamlines tax package workflow, and reduces the need to manually consolidate and rekey data. Combining online, secured access with flexible data import, calculations, document tracking, and a consolidated view of filing methodologies, AMx provides a single source of truth for by-entity, by-group, and by-jurisdiction apportionment information.

Minimize Reliance on Offline Spreadsheets and Standardize Calculation Methods

AMx calculates apportionment instantly across all the entities in your organization. Pre-populated, yet customizable, tax rules provide enough flexibility to match up with any filing methodology, negotiated position, or industry-specific formula. The embedded multi-tier partnership computations and rules for different state treatments eliminate the need for spreadsheet models, and the group calculation logic provides instant access to detail for by-entity apportionment percentages in group states, including eliminations. Multi-year tax rate tables provide AMx with enough detail to supply by-entity, by-jurisdiction effective rates using current rules or future legislation in both separate and group jurisdictions.

Establish Best Practices and Controls

AMx is the first solution to provide a web-based, controlled framework for collecting, managing, and reporting on state tax apportionment. Easy to use and offering secured access at any time, from any location, AMx makes apportionment detail and calculations available to all members of the tax organization while ensuring compliance with SOX 404 segregation of duties. Leveraging AMx, tax teams are able to transition from a spreadsheet-based, manual operation to one in which best practices are automated, decision making is collaborative, and processes are streamlined.

Track Details Around “Who, What, Why, and When”

AMx automatically keeps an audit trail of every change, providing the ability to recall data, reports, and calculations at any point in time. Actual as-filed data is always available, even after subsequent or amended returns are filed. AMx users can go back to any point in time to compare and contrast the data and simultaneously review comments and attached documentation that supported the decision, the position, and the sourcing methodology.

Easy to use and easy to administer

Configurable web-based tax packages

Full data import/export with adaptable ETL

Data diagnostics for anomaly checking

Controls for segregation of duties

Complete audit trail and data versioning

Embedded partnership calculations and division roll-ups

Maintain unaltered record of “as filed,” “amended,” and every change in between

Easy by-entity, by-state effective rate reporting





AMS: Managing Critical Information Across the Tax Operation

With Liquid Engines AMS, you can standardize state apportionment data, control the process, and track the changes from collection to reporting—ensuring that the entire tax team has the right information, at the right time, with the right level of detail.

COMPLIANCE:

Reduce manual effort and improve data integrity

- Eliminate countless hours of manual data manipulation and spreadsheet maintenance
- Streamline and standardize data collection with web-based tax packages
- Gain instant visibility into who did what and when
- Roll back data to any point in time—with the click of a mouse
- Easily identify if and when amended returns are necessary without altering as-filed data
- Quickly surface anomalies around nexus, group filings, or missing data

TAX ACCOUNTING:

Increase confidence in the numbers

- Increase confidence in the numbers with enhanced quality and timeliness of data
- Satisfy auditor requests with by-entity, by-state effective rates
- Rapidly create effective rate reports and other tax accounting schedules
- Eliminate spreadsheet models for computing future effective rates for DTAs or DTLs

POLICY & STRATEGY:

Base decisions on current information

- Leverage current apportionment data for strategy and policy analysis
- Perform trend analysis with a multi-year view of historical data
- Include enacted legislation in your analysis to account for changes in tax weights, rates, and new regimes

AUDIT:

Know what, why, and when

- Track audit settlements and amended returns without corrupting the integrity of the original data
- Easily “re-create history” with centralized documentation and comprehensive audit trail
- Segregate duties between current compliance and audit staff with data access controls
- Produce reports with by-entity, by-state apportionment and filing methodologies

Liquid Engines: A Trusted Partner Committed to Your Success

At Liquid Engines we understand what it takes for tax departments to attain operational excellence in today’s dynamic and complex environment—and we understand that it requires more than just an easy-to-use software application. A true advance in operational performance requires the right combination of people, process, and technology.

To ensure that our clients meet their objectives for operational transformation, Liquid Engines is committed to providing world-

class software solutions and delivering high-quality, results-oriented services and support based on the unique needs of your tax department. Throughout the process, we will closely partner with you to identify the needs of the people involved, understand your process requirements, and facilitate the rapid deployment and broad adoption of your technology investment. When you choose Liquid Engines, you have a partner that is not only dedicated to helping you meet your short-term objectives, but is also committed to your long-term success.



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