

Case Study

Tech Mahindra

Service(s) offered: **Payroll, Administration & HR Compliance**

Sector/Industry: **IT/ITeS**



Global Payroll Processing Services

Our client, Tech Mahindra, is a leading global IT services and solutions provider headquartered in India. Growth of the IT industry is not only characterized by the rise in employee strength in India but also the rapid opening of delivery centers across the globe to have a competitive advantage in business. Tech Mahindra has a multinational presence with 25,000+ employees worldwide including a large number of international employees that travel from their home country to host countries.

Challenge

The centralized payroll team of Tech Mahindra, based out of India, had to deal with multiple service providers for different countries across different time zones and faced cultural and language barriers.

Multiple Country Regulations

Tech Mahindra had to stay abreast of the frequent changes in tax regulations across all the different geographies where they had a presence. They also had to stay on top of compliance aspects, multiple labor codes, and overly bureaucratic norms.

Multiple Vendors

Tech Mahindra engaged country-specific payroll vendors. In some cases, there were numerous vendors in a single country leading to information gaps and bureaucracy issues. Tech Mahindra also faced language barriers which posed a major challenge for operational efficiency.

Case Highlights

- Expertise in international tax and compliance
- Team with 15+ years of multi-country payroll experience
- Robust processes to ensure seamless continuity of quality service
- Proficiency in ESOP taxability and tracking for globally mobile employees
- Single point of contact in the same country as the Tech Mahindra's global payroll delivery center
- Global expertise being delivered locally

Non-standard Practice

Since no two countries have similar taxation guidelines, there was no uniform practice to calculate payroll taxes and other statutory contributions. Tech Mahindra faced enormous challenges in meeting local government reporting standards.

Benefits to Expatriates Dismissed

Tech Mahindra engaged several local payroll vendors who could not comprehend the tax implications of an expatriate employee. As a result of these inefficiencies, Tech Mahindra incurred extra costs as the tax benefits of expatriate employees were ignored.

Solution

Standardization of Processes

Nexdigm set up a modular course which resulted in a uniform process for multi-country payroll management. The standardized payroll function was also re-engineered to cover taxation and regulatory requirements of all the different countries that Tech Mahindra was present in.

Centralization

All activities were centralized at our delivery center in Pune, saving the managerial bandwidth of Tech Mahindra and ensuring a single point of contact.

Extensive Research

Nexdigm deployed a dedicated team to track legislative changes and proactively mitigate risks. This took the burden completely off Tech Mahindra, thereby freeing up the bandwidth of the in-house payroll team to focus on strategic issues.

Exception Handling

Nexdigm designed a unique computation model that ensured that the payroll and tax computation of expatriates was handled in a manner most beneficial to the company.



Our engagement with Nexdigm has resulted in reduction in lead time, 100% accuracy, and real-time accessibility to ourselves and our employees. This has also resulted in us working with Nexdigm as a partner-of-choice and we continue to grow our mandate and relationship with them.



Sudhakara Rao

Head – Global Payroll
Tech Mahindra

Impact

Tech Mahindra achieved the following benefits on completion of the project:

- Expatriate tax advisory integrated with payroll processing
- Optimized payroll administration costs leading to savings of over 50% annually
- Complete assurance to the client on compliances with 100% accuracy and on-time completion of compliances along with full access to all relevant payroll information

Tech Mahindra appreciated the single uniform process we created, which included a tax-efficient salary structure for both local and expatriate employees. After completing the project, Tech Mahindra enlisted Nexdigm to be their single payroll provider for over five years till date.

For more information on this case study, please write to us at:

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You can also visit our website to know how our services resulted in tangible business benefits:

www.nexdigm.com