Chargeable Gains Reporting Made Easy

When Spirit Pub Company needed a more up-to-date and efficient software solution to handle its end of year chargeable gains tax reporting, it found the perfect partner – tax technology specialist Tax Automation.

Business Driver – Efficient chargeable gains tax reporting

Industry Sector – Hospitality

Why Tax Automation – Tax Automation was able to provide a fast and effective reporting solution that was easy to use. The team was also highly responsive and delivered great customer service.

Business Benefits – Easy to use chargeable gains tax system is now in place delivering faster and more efficient chargeable gains reporting.

Background

The Spirit Group was established by Punch Taverns in 1999 from the acquisitions of the leased and managed estates of Inn Business Group plc and the UK pub estate of Allied Domecq plc, and during the period in which it was associated with Punch it made several significant acquisitions and disposals and was itself demerged to private equity purchasers before being reacquired by Punch

In August 2011, Spirit was finally demerged from Punch and is now listed on the London Stock Exchange. The Spirit estate consists of around 1,200 pubs, of which approximately 800 are high quality managed pubs operated by Spirit themselves and approximately 400 are leased businesses, which are leased to independent and multiple operators. In both its managed and leased businesses Spirit`s ambition is to deliver compelling pubs and/or brands, flawless execution for guests, and first rate talent and leadership.

Tax technology refresh

In the tax department, Spirit had been using a legacy software system for its chargeable gains and contingent gains for year-end reporting. Whilst the software had been in use for some time, the system was becoming increasingly difficult to use and it was felt that a more robust and accurate system needed to be put in place.

> *"The software we used for our year-end reporting to calculate the inherent gains and capital allowances was on its last legs,"*

said Michael Wainwright, Head of Tax, Spirit Pub Company.

> *"The software was old and clunky, it wasn't user friendly and as the chargeable gains reporting is an important component of our end of year reports and we knew we could do better. The demerger, and several agreements with HM Revenue &*

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Customs, meant it was a perfect opportunity to "cleanse" the database to enable up to date, improved and enhanced accuracy for improved reporting going forward"

Whilst Michael, and the tax team, began researching the market for a new solution, a new finance director joined Spirit and recommended, based on his previous experience that they contact Tax Automation. One of the team members contacted Tax Automation in late July 2012 and set up a meeting. Impressed by the team and the solution offered, Tax Automation's Capital Assets Database (CAD), a multi-year tax data warehouse that provides a comprehensive capital expenditure analysis and reporting solution, Spirit engaged Tax Automation in early August 2012. By mid-September, the new system was up and running.

Fast and efficient implementation

Spirit's year-end was in August so there was no time to lose getting the new system implemented, as they wanted to ensure the inherent gain calculation was as accurate as possible.

The Tax Automation team agreed with Spirit that they should establish a clean starting point, rather than just import all available historical data. The historical data was available and could be imported into CAD at a later date if required, however Tax Automation focused on the information on the estate as it then was. Data on c1,300 pubs was imported into the system, and within six weeks the system was completely implemented, tested and operational.

"I was blown away by the level of efficiency of the Tax Automation team, they were not phased by the short time scale we allowed them to have the system up and running, and they rose to the challenge impeccably," said Michael. "They provided data in a format that we could easily use and worked with us to get the data into the CAD database. Full training was provided as the project progressed, and the Tax Automation team was great to work with. Overall the implementation was incredibly quick, efficient, and ensured the year-end process with our auditors ran better than ever before."

The results

Tax Automation dropped in on Spirit in late September to check how the new system was working.

"I can't fault Tax Automation," Michael concludes. "The team has a real can do attitude and delivered excellent customer service. The whole experience was fast and efficient. It was a pleasure from start to finish and nothing was too much trouble. We now have a much-improved system for our chargeable gains reporting. The CAD solution from Tax Automation is easy to use and extremely efficient. We are more than pleased with the results and we are looking forward to developing the system further with Tax Automation as the software clearly offers numerous benefits to help improve our in-house processes and reporting."

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