

# Legal Entity Rationalization Service Guide

Seize a World of Opportunity

“Growth creates complexity and yet complexity is the number one killer of profitable growth.”

This observation from the [Harvard Business Review](#) refers to corporate bureaucracy, but can just as easily be applied to an organization's structure. As a multinational organization expands through organic growth and acquisition, it inevitably finds itself managing — or trying to manage — a complex web of legal entities that can hamper or even kill profitability.

It can be difficult just to keep track of these entities across countries, including understanding their types (such as subsidiary or branch) and the purposes for which they were originally created. An organization must also ensure that each entity remains compliant with its jurisdiction's unique and evolving regulations. Falling afoul of local laws can lead to fines and reputational damage, and may compromise a company's ability to do business in a country.

Even if an organization remains compliant, the costs of maintaining an entity are considerable and continue to rise. Costs typically include those related to corporate governance, direct and indirect taxes, accounting, payroll, employee benefits, local service providers and more.

In an increasingly competitive global business environment, it's more important than ever for an organization to regularly review its existing legal entities to identify structural inefficiencies and risks. In some cases, a review may reveal that one or more entities are no longer needed under an organization's current corporate structure. All of this can lead to considerable cost savings.

## Legal entity rationalization and Vistra's solution

Legal entity rationalization is the process of comprehensively reviewing an organization's legal entities and how they relate to each other. Through legal entity rationalization, companies can build more efficient, sustainable operating structures, improve operational transparency, and significantly reduce risks and costs. It's also a great opportunity to align a company's organizational structure with its current corporate strategy and market realities, both of which may have changed since some or all of the entities were established

or acquired. Organizations that engage in M&A activity are particularly likely to benefit from legal entity rationalization.

Here are some related services Vistra can provide:

- Review your current organizational structure's chart, including all legal entities and their respective types, activities and locations
- Identify and document the ownership structure and purpose of each legal entity
- Identify all corporate directors and officers associated with each entity
- Collect information on: intragroup funding arrangements; key group IP and real estate assets; regulatory licenses and permits; corporate tax transfer pricing relationships and documentation; employment and contractor arrangements; payroll structures; employees working outside their home countries; compliance costs; material disputes and litigation issues; and service provider engagements
- Undertake a compliance "health check" to identify regulatory risks related to tax, immigration, HR and/or other areas as requested, and provide a report detailing areas requiring attention
- Prepare an overview report detailing your complete organizational structure and the role of each legal entity within the group, along with your current corporate service provider network and related services
- Provide an analysis of your organizational structure, highlighting: compliance risks; tax and operational inefficiencies; and (where applicable) employment and immigration law considerations that could affect your legal entity rationalization plan
- Draft a legal entity rationalization plan based on the entity report and organizational analysis, including providing a legal entity chart for the newly proposed and optimized structure
- Finalize the list of entities targeted for elimination or realignment, and provide a budget, expected cost savings, timeline and project plan that minimizes business disruption
- Provide information and advice related to your entity wind-down options based on the entities and countries involved, including any entities and/or employees targeted for realignment
- Manage any and all wind-down processes, including wind-down applications, tax clearances and de-registrations, and the tax-efficient repatriation of offshore profits

## Managing your operations after legal entity rationalization

Even a fully optimized organizational structure requires constant management, including preparing and filing corporate taxes, running payrolls, fulfilling corporate governance requirements and much more. In many cases, organizations must hire and manage multiple third-party providers in each jurisdiction to support the many requirements of each legal entity.

Vistra is your single solution for managing all your entities in all countries of operation. When you partner with us, there's no need to hire additional in-house accountants, manage external payroll providers in other time zones who speak different languages, or endlessly monitor the financial controls of your vendors. We take care of everything, from filing taxes to paying employees to providing audit support.

What's more, we have a dedicated client services team that will take the time to truly understand your business and ensure that all aspects of your engagement are coordinated. Whether you operate in two countries or two dozen, you can turn to them for answers and results.

## A single platform for insight and control

In addition to our client services team and expert advisors, you'll have access to Vistra's powerful OverseasConnect platform. It allows you to manage your international operations using one web address, one login and one user-friendly platform. With OverseasConnect a multinational organization can manage compliance events, process payrolls, and post documents and financial reports for all legal entities in all countries of operation. There's no better way to maintain control of your entire organization.

## About Vistra

Vistra is here to help our clients seize a world of opportunity. Our 4,300 professionals working across 46 jurisdictions throughout the Americas, Asia Pacific, Europe and the Middle East maximize the global potential of businesses, funds and portfolios, providing the confidence and clarity they need. We consistently deliver solutions with unrivalled speed and accuracy, which allows our clients to stay ahead of the game, always.

[Contact us](#) to find out how we can help you.