

Food Processor and Distributor

Client Profile

McGuire Sponsel's team identified an opportunity for a food processor and distributor. The business had approximately \$135 million in annual revenue, including \$10 million in international sales.

Our Process

The client had been previously utilizing the four percent of export sales simple calculation method based on the perception that a transaction-by-transaction (TxT) calculation could not increase its tax benefit. McGuire Sponsel's team explained the TxT method and the tremendous benefit this type of analysis delivers. Once the client provided the additional sales detail, McGuire Sponsel was able to assist the food processor and distributor by maximizing the value received from their IC-DISC.

The Results

The business was previously only reaching a commission number of \$295,000 using the simple calculation. When we received more sales detail and ran a transaction-by-transaction calculation, we were able to generate a commission of \$680,000. This increased the commission by \$385,000, which increased the tax benefit by approximately \$60,000. The client expects to realize continuing benefit from the IC-DISC.

An additional \$60,000 in tax benefit was generated by utilizing the TxT method.

