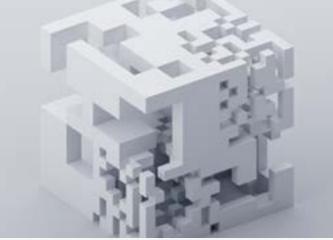
# Outsourcing offers financial risk mitigation in Kazakhstan.

International engineering firm Witteveen+Bos turns to TMF Group to ensure local regulatory compliance in payroll, accounting and tax reporting.





## About Witteveen+Ros

Witeeveen+Bos is an international engineering and consultancy firm that advises and helps clients all over the world in resolving today's complex challenges. Headquartered in the Netherlands - with a network of 23 offices in 11 countries, and some 1,400 engineers and consultants - Witteveen+Bos works on improving the human environment for everyone, today and for future generations. Together with its stakeholders, it contributes to social, ecological and economic progress, with the sustainable development goals of the United Nations serving as an inspirational guideline.



Jurisdictions where we serve them:

Kazakhstan

# Industry

Civil engineering

### Services provided

Global entity management, accounting and tax, payroll

# How we solve it?



The challenge

Witteveen+Bos is engaged in contracts with major oil producers in the Caspian Sea, off the coast of Kazakhstan, providing engineering solutions for significant civil engineering projects, including water facilities, offshore islands and port infrastructure.

Witteveen+Bos established a branch office to manage these projects in the Kazakh city of Atyrau in 2000. In 2006, the company created a new entity, Witteveen+Bos Caspian LLP, to service its growing Caspian Sea operations. In 2011, this company hired its own finance director, Diana Shashina.

Following a particularly heavy tax audit by the Kazakhstani authorities later that year, Shashina and her team realised that its local internal accounting and tax compliance function was underperforming.

With the pressure on to put things right, Witteveen+Bos decided to outsource the function. The company's headquarters in the Netherlands already had excellent experience of working with TMF Group in several other jurisdictions. Following a presentation by representatives from TMF Kazakhstan, Witteveen+Bos Kazakhstan was convinced it had found the partner it was seeking.

"TMF Group was not only well versed in Kazakhstani government finance and regulatory requirements and processes, but was also able to demonstrate it had in-depth understanding of our business."

#### Diana Shashina.

Finance Director. Witteveen+Bos Caspian LLP

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#### ▼ The solution

Witteveen+Bos Kazakhstan and TMF Kazakhstan agreed a multi-year outsourcing contract. This includes bookkeeping in the Russian 1C accounting package – in use by thousands of companies in the former CIS countries and widely accepted by tax authorities – along with processing bills and bank payments. There are around 10,000 journal entries per year, along with some 1,500 bank payments. TMF Group manages the payroll for some 58 employees, as well.

TMF Group also handles the filing of statutory tax returns and the provision of quarterly and annual statistical reports to various government agencies, such as the National Bank of Kazakhstan.

The work is carried out in the local TMF Kazakhstan office, releasing valuable Witteveen+Bos office space for other uses. Original stamped and signed documents, supplied by Witteveen+Bos, are used by TMF Group people to meet strict Kazakhstani compliance requirements.

"In-house manual processing is not cost effective and introduces human error," explains Diana Shashina. "This means systems have to be configured and maintained to ensure the accuracy and timeliness of the reports that are derived from them. We get that assurance of professionalism and integrity from TMF Group."

Alongside an estimated five per cent cost reduction – compared to employing an in-house accounting team - one of the principal benefits to Witteveen+Bos of the outsourcing arrangement with TMF Group is risk mitigation.

Late filing incurs an administrative charge, while incorrect tax returns result in a penalty extending to 50 per cent of the underpayment, along with heavy interest charges on the outstanding amount. Persistent offenders are blacklisted by the Kazakhstani authorities, triggering regular intrusive tax and financial audits until they are willing and able to toe the line.

Shashina summarises: "TMF Group was not only well versed in Kazakhstani government finance and regulatory requirements and processes, but was also able to demonstrate it had in-depth understanding of our business."

Interested in finding out more?

