

How did Host Hotels & Resorts, Inc. simplify the complexity of its income tax compliance while gaining greater control of the process?



With more than 350 tax returns filed annually across all types of business entities, this Fortune 500 company's tax department uses CCH's CorpSystem® suite of products to ensure an accurate, streamlined process.



Host Hotels & Resorts, Inc. key data

- 2007 revenues of \$5.4 billion
- The nation's largest lodging real estate investment trust
- Operates in more than 50 major markets worldwide
- Partners with premium operators
- Based in Bethesda, Md.
- Uses Global *fx* and ProSystem *fx* Engagement



After seven years of outsourcing its income tax compliance function, Host Hotels & Resorts, Inc. (Host), the nation's largest lodging real estate investment trust, decided to bring the function back inside to reduce costs and gain greater control of the process. Host found exactly what it was looking for with the implementation of Global *fx*, the ASP version of CCH's ProSystem *fx* Tax compliance solution, and ProSystem *fx* Engagement, CCH's full-featured trial balance and workpaper management system.

"I had worked with ProSystem *fx* Tax at my former company, and I really liked it. At Host, we wanted to make things even simpler, so we decided to go with Global *fx*. We have everything online when we need it. We don't have to ever worry about updating. We can log on from anywhere."

– Kim Roddy, Tax Director,
Host Tax Department

Fast, intuitive implementation

The migration over to Global *fx* and ProSystem *fx* Engagement went smoothly, with Host Hotel's hundreds of income tax returns rolling over as expected. And, Host was up and running with the new software faster than expected.

The company also took advantage of CCH's comprehensive training, with onsite sessions on both the Global *fx* and Engagement solutions as well as in-depth corporate and partnership returns training.

"I'd never used Global *fx* or Engagement before, but it's user friendly and it was easy to get up to speed. The CCH software uses a common-sense approach. In terms of getting information in the right place and getting returns done accurately, Global *fx* is a great solution."

– Tom Sefcik, Senior Tax Manager,
Host Tax Department

Top-notch training & support

During the first year after implementation, Kim encouraged others in the tax department to call CCH support with questions. In addition, Kim, Tom and another Host associate attended the CCH User Conference where they had the opportunity to network with other companies using CCH tax compliance solutions. By the second year, Host's need for tax product support had quickly diminished.

"With Global *fx*, I have the ability to open the current year and prior year returns simultaneously, and because Global *fx* provides a clear audit trail, I can quickly see how I did things in the prior year, so I'm generally able to answer many of my own questions without added support."

– Tom Sefcik, Senior Tax Manager,
Host Tax Department

Income tax compliance made easy

Global *fx* is able to handle any type of business return, from corporations (including real estate investment trusts) and consolidated corporations to partnerships. It streamlines processes including importing data from various general ledger packages, handling the calculations, review, printing and *e-filing* of the returns, and is effective at the federal, state and even city levels.

For Host this level of thoroughness is essential. The company files approximately 350 tax returns each year. It has three major entities from an income tax compliance perspective: a real estate investment trust (REIT), an operating partnership and a C corporation. In addition to federal compliance, as required, each of these entities files in the states in which it operates (approximately 30), with each state having different requirements for the different entities.

Using an intuitive worksheet interface, Global *fx* speeds the time it takes to prepare these returns, provides a range of tax capabilities including extensions, returns and amended returns and generates complete audit trails and required support schedules. The consolidated corporate functionality includes both single and multi-tiered consolidations and automatically carries forward separate company entities to the consolidated return.

"Host has a very complicated tax structure, but the whole process of consolidating was made easier using Global *fx*."

– Tom Sefcik, Senior Tax Manager,
Host Tax Department

"We found that Global *fx* allowed us to streamline information. When we enter information or import it from Excel, we see logically where it's going and why. So there are no surprises. And, because of the special allocation features in Global *fx*, it is easy to allocate partners' income, contributions and distributions."

– Kim Roddy, Tax Director,
Host Tax Department



Host's tax department has been able to:

- Successfully bring the income tax compliance function in-house
- Minimize training and support requirements
- Reduce time spent on each tax return and streamline the tax compliance process
- Eliminate time spent updating software
- Work remotely as needed

Federal and state expertise essential

In all, Host must file hundreds of returns in approximately 30 states. As a result, Global *fx*'s extensive corporate and consolidated corporate features are essential. These include multiple-state processing for any combination of state returns, inclusion of all applicable Federal attachments, and combined or consolidated returns for most states.

"What I like most about CCH is that they spend the time to do the federal and state research and understand how the federal and each of the state returns work. CCH has the most updated information on how the returns should be filed, what should go where and how it should flow."

– Kim Roddy, Tax Director,
Host Tax Department

Integration with Engagement streamlines workflow

Global *fx* integrates with a variety of other software, including Microsoft applications such as Word, Outlook and Excel. It also integrates with other components of the CorpSystem suite, such as ProSystem *fx* Fixed Assets and Engagement, CCH's full-featured trial balance and paperless workpaper management system.

ProSystem *fx* Engagement's trial balance feature helps Host simplify its tax compliance requirements. Using Engagement's customization features, the company is able to easily summarize trial balance data using unlimited account groupings, and then display the balances exactly as they choose.

"Engagement supports the way we work. It groups information as we want to see it in our tax returns and it prints a trial balance schedule that details where the information originated from so we have a record of how we arrived at these line items in the returns."

– Kim Roddy, Tax Director,
Host Tax Department



When you work with CCH, a Wolters Kluwer business, you can count on a variety of exceptional support options, including:

A Team of Experts – professionally trained in all areas of tax and technical support, just a toll-free call away at 1-866-513-CORP (1-866-513-2677).

CorpSystem.com – instant online access to product and training information, support, and program updates.

Regional Support Team – ensures your smooth transition to the CorpSystem suite of products and assists with any training needs.

Effective Training Options – from in-office sessions to Web conferencing.

For more information about the CorpSystem suite of sales tax, income tax and workflow solutions, call 1-866-513-CORP (1-866-513-2677) or visit CorpSystem.com.



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