

# SALT SALES CHECK-UP



## **Sales & Use Tax Services**

Marcum's Sales and Use Tax Consultants understand state and local tax laws and know how sales and use taxes can affect your business. The Group consists of former tax department auditors and supervisors, as well as experienced consultants in each of our offices. This local and regional access will provide you with advice and experience from both sides of the table in dealing with sales and use tax matters. Whether you have been notified of a pending audit or in the middle of one, or if you just have questions at any level of complexity, we can help. Our sales and use tax services include:

### ■ **Tax Audit Representation**

Our staff of former tax auditors and supervisors knows audits from both sides of the table and will effectively manage your audit so that you can focus on your business. We keep you informed at every stage, and we are there with you until the case is concluded. We minimize costs through efficiency standards and our attention to detail.

### ■ **Outsourced Sales and Use Tax Return Preparation**

Outsource your multi-jurisdictional tax compliance requirements to us. Give us your data and we will handle all aspects of compliance and reporting.

### ■ **Voluntary Disclosure / Amnesty Filings**

Let us help you minimize and resolve prior-period exposure by negotiating with taxing authority on your behalf. We can assist with any taxing jurisdiction.

### ■ **Sales and Use Tax Reverse Audits**

Our former tax auditors know how to identify refund opportunities, gather the evidence, and prepare refund claims for submission to tax offices.

### ■ **Nexus Review**

Our nexus team will review your company's operations for potential nexus issues before outside contact from taxing agencies. If you are notified, we will help you develop strategies to minimize your exposure.

### ■ **Taxability Studies**

We will gain an understanding of your business and address the taxability of sales revenues and services sold as well as the taxability of your purchases. We generally will prepare a taxability matrix and/or a technical memorandum which you can use as a reference guide.

### ■ **Sales and Use Tax Check-Up**

Our consultants will analyze your business activities and books and records to determine your company's level of sales and use tax compliance in a given state/ locality. We will give you a list of recommendations on how to improve compliance, how to address issues which may be uncovered and we will identify potential refund areas.

### ■ **Controversy Resolution**

Appeals, penalty and interest abatement negotiations and Offers in compromise for cases of doubt as to liability / collectability.

## **State & Local Taxation (SALT)**

State and local tax laws change constantly. They pose complex and distinct challenges, and they affect business entities and individuals regardless of their region or municipality. Marcum's State & Local Tax ("SALT") Group assists all sizes and types of clients with state and local income as well as non-income tax issues. Marcum recognizes this important challenge as more and more clients expand into multi-state tax exposure. As a result, Marcum has organized a full complement of SALT professionals in each of our offices in order to proactively assist clients. Our experienced staff of attorneys and accountants develops and implements SALT planning strategies to save individuals and businesses significant state tax dollars by reducing their overall state tax burden.

## **State/Local Income/Franchise Tax Planning**

Marcum's SALT Consulting Group offers innovative and value-driven income/franchise tax planning strategies for all entities, whether they are conducting business in one, several, or all fifty states. This includes individual tax clients who have Forms K-1 from pass-through entities operating in several states, as well as publicly traded corporations that have operations that require a multi-state presence.

By implementing one, or a combination, of our tax reduction strategies, Marcum helps its clients significantly reduce their effective state tax rate and increase their earnings. The Firm helps its clients understand the ever-changing state income and franchise tax law landscape while recommending optimal tax and business alternatives. In addition to compliance services, Marcum's state and local income and franchise tax planning strategies include:

- Nexus studies and planning
- Use of special purpose entities
- Use of pass-through entities
- Apportionment factor planning
- Use of intercompany debt
- Merger & Acquisition planning
- Voluntary disclosure negotiations / amnesty program applications
- Arm's length pricing studies for intercompany transactions
- Combined/consolidated income tax report review
- Tax Controversy and Dispute Resolution
- Audit defense
- Business purchase and sale structuring / due diligence
- Tax provision analysis

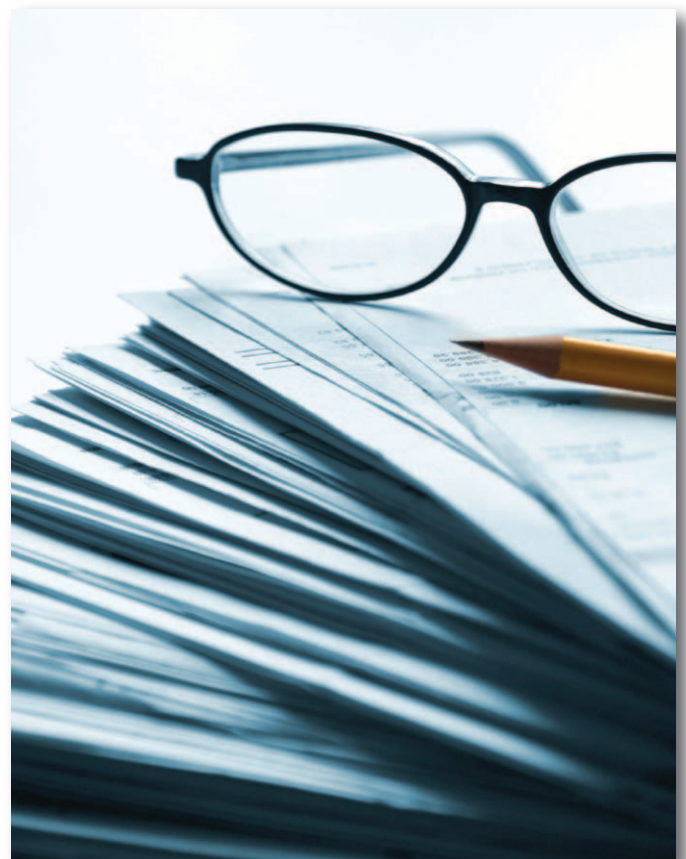
### **Non-Income Tax Consulting and Compliance**

Marcum's SALT Consulting Group's experienced professionals can also help businesses minimize their non-income/franchise tax burden. This allows clients to retain more of their profits that might otherwise be paid out unnecessarily to state and local governments. Our services in the non-income/franchise tax consulting area include sales and use taxes, property tax appeals, tax credit and exemption studies, relocation and expansion incentives, and employee / contractor planning, and unclaimed property compliance.

Our service offerings in the non-income tax area include many similar services as our income / franchise consulting services, but are customized to your particular needs:

- Nexus studies and planning
- Reverse "refund" audits

- Voluntary disclosure negotiations / amnesty program applications
- Audit defense
- Select states' negotiated rate determination for purchases
- Tax exemption qualification and document review
- Sales taxability review for sold products & purchases
- Enterprise zone and special incentive program studies
- Property tax appeals
- Use tax planning and audit defense
- Transaction structuring
- Business purchase and sale structuring / due diligence
- Unclaimed property consulting and audit defense
- Tax provision analysis
- Technical advice requests from taxing agencies
- Compliance reporting services (local or multi-state)



## Why do I need a Sales and Use Tax Check-Up?

Many companies have serious sales and use tax issues that result in significant tax, penalties and interest.

Examples of potential issues include:

- Not properly charging sales tax on taxable products and services.
- Collecting but not properly remitting sales tax.
- Failing to report purchases subject to use tax.
- Poorly-trained staff who are not familiar with sales and use tax laws.
- Non-filing of sales/use tax returns which leaves open the statute of limitations for assessment.
- Failure to maintain adequate books, records and exemption certificates.
- Lack of internal controls over sales tax function.
- Improperly preparing sales tax returns.

## Do any of these apply to your company?

- Large assessments or refunds when audited.
- Notices from states regarding noncompliance.
- Penalties assessed for late filing of sales/use tax returns.
- Significant number of products and services sold.
- Significant number of tax exemption certificates received.
- Sales people in multiple jurisdictions.
- Decentralized sales tax function.
- Manual preparation of sales/use tax returns.
- No formal sales/use tax policies and procedure.
- Lack of communication between tax department and accounts payable department.

## ...if so, it's time for a check-up!

Recent Marcum Sales/Use Tax Check-Up Successes

### Situation 1: Voluntary Disclosure

- Identified \$2,000,000 in collected and unremitted sales tax.
- Performed voluntary disclosures.
- Saved the company hundreds of thousands of dollars in penalties.
- Negotiated a "3 year look back" in most states.
- Company now registered and in compliance.

### Situation 2: Reverse Audit

- Identified sales tax was being paid on exempt purchases for a major manufacturer.
- Performed a "reverse sales tax audit."
- Filed claim for refund in excess of \$175,000.

### Situation 3: Audit Defense

- Represented Company A on audit.
- Initial audit findings were approximately \$2,000,000.
- Performed a "sales tax check-up."
- Concluded the Tax Department was incorrectly assessing tax.
- Settled the audit for \$230,000 including minimum interest.
- Established reasonable cause for abatement of penalties.
- Saved Company A \$1,600,000 at the audit level.

## Sales & Use Tax Check-Up Services

- Taxability studies of products/services sold/purchased.
- Determine filing and compliance requirements.
- Evaluate company policies, procedures, adequacy of records and internal controls.
- Review method of preparing sales & use tax returns.
- Analyze sales tax paid to vendors.
- Examine past sales/use tax audits.
- Estimate potential claims for refund.
- Review tax exemption retention policies and procedures.
- Nexus studies and estimated exposure.
- Evaluate Voluntary Disclosure opportunities.

This communication has been prepared for informational purposes only. It is intended to inform the reader about the subject matter addressed and our Firm's capabilities in this area. This not to be used or interpreted as tax or professional advice. Those seeking such advice should contact a member of our firm to establish a client relationship.

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