



Case Study: State Technical Tax Ruling

Company Background

This manufacturing company is engaged in the business of fabrication, installation and sales of stairs, railings and banisters. The company's customers are primarily home builders, and the company exclusively works in Florida. All work is considered part of the real property upon installation, and removal would cause significant damage to the structures. This company had grown considerably over recent years. The company's owners, a married couple, were responsible for handling all tax and administrative matters for the company, including sales tax compliance.

Client Issue

This company had never conducted an in-depth internal sales tax review. They were experiencing rapid growth (making significant purchases from outside Florida) and were unfamiliar with the treatment of purchases from out of state vendors. In addition, due to the sales tax issues facing manufacturers, there was concern by Daszkal Bolton LLP that the company had significant exposure for underpayment of sales and use tax in the State of Florida.

Daszkal Bolton's Solution

An in-depth compliance review by Daszkal Bolton LLP led to the conclusion that sales and use taxes were not being accrued and remitted properly. However, there was little guidance on the tax treatment because there were unique issues to consider. We determined the tax exposure was approximately \$300,000. Due to the exposure and scarcity of guidance, Daszkal Bolton LLP recommended that a request for technical ruling from the Florida Department of Revenue be submitted. The request was submitted on a no name basis and the State provided an in-depth response to the questions.

The Result

The company was then able to rely upon the ruling, referred to as a Letter of Technical Assistance (LTA), to properly assess the sales tax liability of the various components of its business. After the client received the ruling, Daszkal Bolton LLP recommended a plan of implementation to ensure compliance going forward. In addition, since the written guidance by Florida was specific to their business, the company had the extra comfort of a written document from the Florida Department of Revenue.

State & Local Tax (SALT)

Daszkal Bolton LLP has significant experience providing State & Local Tax services to emerging, and middle market privately held companies. For assistance with SALT matters, please contact Brian Swanson, at 561.953.1486 or bswanson@daszkalbolton.com.

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