



Case Study: Sales Tax Compliance Review

Company Background

This company is a retailer with stores located in hotels throughout the country. They primarily sell clothing, health products, beauty supplies, convenience food and beverages. There are over three hundred (300) stores with operations in thirty (30) states. The company is privately owned and does not have a dedicated resource responsible for managing sales and tax compliance matters.

Client Issue

The company was contacted by State X for a state sales and use tax audit. Immediately, management was concerned about the potential audit exposure, as well as, their state sales and use tax policies. They had not conducted a state sales and use tax review in several years, nor had they reviewed the proper tax treatment of products, which varies among states. Finally, management had not been accruing use tax on purchases of fixed assets or supplies for its business.

Daszkal Bolton's Solution

When the client initially contacted us, we were engaged to provide audit defense assistance. Daszkal Bolton LLP also recommended the client allow us to conduct a Phase I tax review of their business. They agreed to the review to gain a better understanding of what issues the company faced from a state sales and use tax standpoint.

The Result

Daszkal Bolton LLP served as the primary contact with the auditors and addressed all issues raised. We were successful in securing a substantial refund for the client due to errors in calculating state sales tax due. In addition, the Phase I tax review identified numerous issues, which prompted an in-depth Phase II analysis. As a result, Daszkal Bolton LLP helped the client with taxability issues in various states, as well as, implement a process whereby the client accrues use tax on a monthly basis.

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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