

State & Local Tax: Description of Services

NEXUS REVIEWS

- › To determine potential income tax and sales/use tax filing requirements based upon your business' current and proposed operations.

STATE TAX OVERVIEW (OR COMPLIANCE REVIEW)

- › Income tax and/or sales use tax focused.
 - Begins with a Nexus Review to determine potential income/franchise tax return filing obligations
- › For income/franchise tax, an examination of revenue streams/state activity/current apportionment to determine possible changes that will result in tax savings
- › For sales/use tax, review tax collection and filing requirements (and use tax reporting requirements) and potential tax exposure/liability, coupled with a review of current filings to determine if these are correct.
 - Includes a review of taxes collected or reported on sales/services and whether a restructuring of the transactions can minimize the taxes
 - Review potential over-collection/under-collection of the tax to determine potential refunds/exposure areas
 - Review of documentation procedures (is the company maintaining documentation to support non-taxed sales (i.e., exemption certificates) and to sufficiently defend itself in the event of audit)
 - Recommendations for improvement

VOLUNTARY DISCLOSURES

- › If a liability is determined with a state, voluntary disclosures are often done to "come clean" –
 - Determine tax that may be due a state, pay the tax and interest; typically can avoid penalties and limit look-back periods
 - Evaluate the pros and cons of approaching a state under a voluntary disclosure program versus applying for tax amnesty, if an amnesty program is in progress

AUDIT DEFENSE & APPEALS

For anyone currently under audit or about to be audited by a state or local jurisdiction:

- › Assistance provided with pre-audit strategy to minimize the work involved in the audit,
- › Review of auditor requests
- › Review of audit workpapers to determine errors/offset liabilities with refunds
- › Negotiate with/act as liaison with auditors
- › Ultimately appeal the audit determination to the Tax Commissioner

BUSINESS PROFESSIONAL AND OCCUPATIONAL LICENSE (BPOL) TAX PLANNING

- › Refunds and tax savings strategies, particularly for companies that sell hardware/software/services to commercial or governmental clients
- › Review of current filings, recommendations as to ways to minimize the tax and obtain refunds for prior periods

LOCAL TAX PLANNING AND CONSULTING

In addition to BPOL planning:

- › Review all local tax filings (real and personal property) to determine possible areas for savings or exposure

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Page 2

TELECOM TAX REVIEW

For telecommunications companies (telcos, ISPs, web hosting providers, etc.)

- › Review taxes collecting from customers to determine if correct
- › Review taxes paid to vendors to determine potential overpayments/underpayments
- › Review BPOL filings to determine potential savings

TAXABILITY STUDIES

- › Review of products/services both sold and purchased and determination as to the proper tax status

LIABILITY &/OR REFUND REVIEWS

- › Explained under State Tax Review – determine underpayments and/or overpayments of tax
- › Assist with getting refunds from vendors/the states

BAD DEBT REVIEWS

While bad debts usually are accounted for properly for income tax purposes, businesses often do not have a process in place to accurately reflect bad debt write-offs for sales tax purposes. Plus, states' rules regarding write-offs vary causing confusion and inappropriate treatment of write-offs. Refunds may be obtained, or liabilities determined to be due (and cleared up) through a bad-debt review.

MANUFACTURING/R&D EXEMPTION REVIEWS

- › Review operations to determine whether taking full advantage of exemptions for manufacturing and research and development
- › Possible refund opportunities or may result in potential liabilities due
- › Provides guidance and improved tax compliance based upon actual operations on a going-forward basis

DISTRICT OF COLUMBIA QUALIFIED HIGH TECHNOLOGY COMPANY EXEMPTION REVIEWS

- › Review operations to determine whether your business qualifies for the exemptions/tax credits that the District of Columbia offers to certain types of technology businesses that do business in and have employees in the District

CREDITS & INCENTIVES

For businesses operating in multiple jurisdictions/states:

- › Review of credits and incentives available at both the local and state level

ABANDONED AND UNCLAIMED PROPERTY COMPLIANCE

- › Identification and reduction of unclaimed property and compliance with reporting requirements
*While not a tax per se, unclaimed property often falls into the tax category as businesses are audited and assessed for failing to comply with state Acceptable Use Policy (AUP) requirements.

STATE AND LOCAL TAX CONSULTING

- › Consulting services that address your company's specific state and local tax concerns.