



Multistate Sales and Use Tax Audit Defense Services

Summary:

A large global distribution company, based in central Ohio, sells products in every state. The company employs a small portion of its tax department to work entirely on non-income tax audits. Since the corporation is made up of several subsidiaries, there can be as many as one-hundred non-income tax audits going on simultaneously throughout the country.

Challenge:

Given the large quantity of states performing sales/use audits at one time, and the relatively small number of full-time employees available to assist the auditors in gathering requested information, workloads began exceeding time available to complete certain tasks. The size of any one audit in any one state can be extensive and require weeks of planning, days of organizing invoices and other requested information, and even hours meeting with the auditors choosing to work onsite. As a result, the company engaged GBQ SALT to provide a full-time employee with multistate sales and use tax audit defense experience to assist in providing support.

Solution:

A member of GBQ SALT worked onsite full-time for four weeks assisting with all audit defense tasks required by the client. Services performed included fixed asset reconciliations, sales and use tax taxability recommendations and determinations, multistate sales and use tax research, and meetings with company employees in purchasing and general accounting departments.

GBQ SALT also presented the company's results of research and position to the auditors as they relate to specific issues raised by the auditor.

Benefits:

Having the knowledge and experience of an additional full-time employee onsite to perform sales and use tax audit defense services eliminated the delays created by telephone and email communication. The ability to be onsite to answer questions from the company employees and state auditors made for more efficient turn-around time.

By engaging GBQ SALT in the sales and use tax audit defense services, the company immediately benefitted from the multistate sales and use tax experience during the audit. After performing hours of research, GBQ was able to provide the company with additional documentation that supported a reduction in the audit assessment of extrapolated tax of approximately \$1.5 million. As a result, the company extended the engagement to include support services necessary for additional sales and use tax audit defense needs. The company has continued engaging GBQ SALT for sales/use tax audit defense services, both onsite and remotely.