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When you have a sales tax problem,  
we are the solution!

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## The IRS Goes into the Sales Tax Business

Based on the recently enacted excise tax on indoor tanning services, it might seem that way.

Beginning July 1, 2010, the IRS has imposed a 10% excise tax on indoor tanning services. If the charge for other goods related to tanning (such as lotions, protective eyewear, towels, etc) can be separated and the exact amount of the other goods can be shown, the other related goods are not subject to this excise tax.



And like most other "sales" taxes, just because the tax is not collected from the customer by an indoor tanning provider does not mean the tax is not due. If a provider does not collect the tax, the provider must still pay the tax due. In addition, corporate officers CAN BE personally assessed if this tax goes unpaid.

This excise tax does not include skin tanning performed by a licensed medical professional such as a dermatologist, psychologist, or registered nurse. It also does not apply to fees from qualified fitness facilities that offer indoor tanning services as part of their monthly membership fee, as the tanning services are incidental. The IRS is trying to use a "true object" test to determine when the excise tax applies, similar to New York's "true object" test for sales tax.

We want to caution every one of two things. First, there are many taxes that are NOT based upon a business turning a profit (income taxes), rather these excise or sales taxes are based upon the receipts of the business. Second, don't assume a transaction is not subject to sales tax until you research the tax rules in effect in that jurisdiction. Sales Tax Defense LLC has the experts on staff that can properly advise you and your client of the correct sales and use tax treatment of almost any transaction in any state in the country.

At Sales Tax Defense LLC we specialize in working with you, your business and your accountant or attorney to resolve your tax problem. In addition to helping resolve the problem at hand we also make recommendations that should help prevent similar problems from arising in the future. While we understand that the Sales and Use Tax Law is extremely complex and many people misinterpret the regulations while trying to follow the law, we believe it is incredibly important to try to prevent future mistakes from occurring so that one never has the same problem again.

**Congratulations to Steven on selecting the name of our fish "SALTy" and being the winner of a \$100 gift certificate to La Pace with Chef Michael in Glen Cove, one of our favorite restaurants!**

### Success Stories

The tooth fairy or a "no-change" sales tax audit – Which is real? An assessment of over \$23,000 was reduced to ZERO!!

A local retailer was assessed over \$23,000 in tax, interest, and penalties as a result of a sales and use tax audit.

Sales Tax Defense utilized the company's records to substantiate tax exempt sales that New York State assessed as taxable. We also retrieved records from the company's external vendors to verify that sales tax was paid on various transactions. Through letters, various discussions, negotiations, and schedules, we were able to prove to the Tax Department that sales tax was correctly reported and remitted by the company. Through our analysis coupled with the company's records we reduced the proposed assessment to zero; accordingly there was "no change" to the client's returns as a result of the audit.

### About Us

We are a dedicated team of sales and use tax professionals who have committed our careers to helping businesses and fellow professionals with sales and use tax problems. Since the only work we are focused on is sales tax consulting, businesses never have to be concerned that we will try to sell them other services they do not need. And professionals never have to be concerned with us encroaching on their client relationships, because we view you, our fellow professional, as our client.

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