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Federal Debt Ceiling Raised. What about Sales Tax?

Earlier this month the Federal debt ceiling made headlines. Articles explained the debt ceiling, projections showed the growing debt and analysis outlining possible tax increases and budget cuts were circulated. Ultimately, not much was done other than borrowing more money.

But what about the states? Since states can't print their own money, states have fewer options than the Federal government. States can either increase taxes, cut spending or do both. The government has shown time after time that it is very difficult for it to cut spending. That leaves only one other option for the states – TO RAISE TAXES...

Collecting sales tax, in laymen's terms, is doing a job for the government. The state wants to collect tax on certain transactions but doesn't have a representative there to do it (could you imagine if they did?) Therefore, they mandate all vendors to register and collect sales tax on their behalf. But like any job, if you're not doing it correctly for whatever reason, it usually doesn't end well.

What we have experienced this past year is excessively aggressive tax interpretation by state governments. Items, services and transactions that never were taxable before are being revisited and are now being held to be taxable sales. Businesses that formerly thought they had no collection responsibility are being hit with big assessments.

Additionally, sales and use taxes can be personal liabilities. With some other taxes, when business ceases operations it can leave some tax liabilities unpaid without any personal ramifications. That can't be done with sales tax because it follows the responsible person/partners/members. Even if the business doesn't collect tax, it is still obligated to remit the tax.

Knowing that states need to raise revenue and knowing that sales tax is a key area for states to collect previously uncollected taxes, don't be unprepared. It's never too late to try to fix a problem.

If you're not sure if you have a tax problem, we can help you determine if you do. If you have a tax problem but haven't been contacted by the state yet, we can help you minimize the problem. And if you're already under audit, we can represent you.

Due to Hurricane Irene, we have had email problems. If you sent us an email that has not been responded to, please re-send.

Success Story Manufacturer Receives Sales Tax REFUND

The New York State sales tax law allows a manufacturer to obtain a refund of the sales tax paid on electricity used in production. A company manufactured clothing and used several different machines to screen print cartoon characters on t-shirts. It requested a refund of the sales tax paid on the electricity used to run its machines. The New York State tax department initially denied the refund request.

Sales Tax Defense LLC requested a hearing with the Bureau of Conciliation and Mediation Services to appeal the refund denial. At the hearing, we delivered evidence that the Company is a manufacturer and is entitled to the refund. We presented samples of the Company's work and walked the Hearing Officer step by step through the production process. The Hearing Officer was not quite convinced and requested a survey of all the Company's production machines and the electricity used by each machine.

Working with the Company, Sales Tax Defense obtained a list of the Company's machines and the kilowatts of electricity used for each machine. We then calculated the electricity used in a month and tied that into the Company's electric bill. We presented our calculations to the Hearing Officer and the Tax Department. After several weeks of deliberations and review, the Tax Department granted the Company's refund request. The Company will receive a \$25,000 refund check within the next 90 days!

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.

Sales Tax Defense LLC | Phone: 631-491-1500 | info@salestaxdefense.com
www.SalesTaxDefense.com | 2106 Deer Park Avenue, Deer Park, NY 11729

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