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we are the solution!

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A Federal Sales Tax???

There has been a lot of talk lately of new Federal legislation forcing many businesses to collect and remit sales tax for multiple states even if they don't have a physical connection with that state. The concept is to level the playing field between "brick and mortar" local stores and out of state "remote" sellers. In my opinion, it's a great concept. However, can we really trust Congress to pass such a complicated law, when Congress can't even figure out that it's a good idea to do a background check on an individual before allowing that individual to buy a gun???



Why is it so complicated? Every state has its own set of sales and use tax laws. The general idea of the current proposed Federal legislation is that certain sellers would have to collect the sales tax of the various states that they have their merchandise delivered into. Let's look at the example of a Company that sells chocolate covered pretzels in an ornate wood box for Valentine's Day. And let's assume that the Company, based here in New York, wants to collect the sales tax in all 50 states (or at least the 46 or so that have sales tax...) and let's assume, somehow the Company has figured out which one of the approximately 8,000 different sales tax rates that exist in the country to charge for the sale.

Well is it taxable or not? Pretzels are a bakery item and some states say bakery items are not subject to sales tax. But wait, other states say anything with chocolate is a candy and therefore subject to sales tax. Hold on, other states say this is a bundled transaction of food and an ornate wood box, which makes it a sale of tangible personal property and therefore subject to sales tax. I'm not done yet; other states say it's a bundled sale of food and tangible personal property which makes it food, which makes it not subject to sales tax. Is your head spinning yet?

And if you somehow think you figured it all out, what do you do when the sales tax auditor from California, or Florida, or Illinois knocks on your door and wants to inspect your books and records for the past 3, 4, or even 5 years. It's a great concept the "Internet Market Fairness Act" but the actual implementation may make our income tax code look like a kindergarten story book by comparison.

And for those of you that know me personally, now you know why I pulled my hair out years ago.

If you ever have a sales tax question, issue, or problem IN ANY STATE please call or email us at Sales Tax Defense so we can assist you or your client resolve it in the best way possible.

-This editorial was authored by Mark L. Stone, CPA, and Managing Partner of Sales Tax Defense LLC



OIC, IPA BCMS and C of A... Huh? That's A Lot of Letters!

The New York State Department of Taxation & Finance refused to renew a business's Certificate of Authority ("C of A") because the business owed sales tax. The business owner also personally owed sales tax from his involvement in a prior business which had since ceased operations. Since the business owner did not have the funds to pay all of the sales tax assessments in full, he engaged us to help him resolve the issues.

With the assessments from the current business being paid through an Installment Payment Agreement ("IPA"), we requested an Offer-in-Compromise ("OIC") on the business owner's behalf for the prior business assessments. We also requested a Bureau of Conciliation and Mediation Services Hearing ("BCMS") regarding the refusal to renew the Certificate of Authority. This meant that the OIC process had to be completed quickly because the BCMS would be scheduled only a couple of months later.

Not only were we able to reach an OIC settlement with New York State to resolve the current business's assessments, we were able to include the prior business's assessments too. Once the OIC was paid, the Certificate of Authority was issued. When all was said and done, the business received its Certificate of Authority and the tax due from both the prior and current businesses were paid in full!

About Us

We are a dedicated team of tax professionals who have committed our careers to helping businesses and fellow professionals with tax problems. Since the only work we are focused on is solving tax problems, 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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