



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

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Gone Awry: A Case Study in How It Can All Go So Wrong

It's just like that famous song once said, "Once upon a time, I was paying all my taxes, but now I'm only falling apart. There's nothing I can do, a total eclipse of the heart." Okay, so that's not how the song goes but that doesn't mean bad things can't happen to good taxpayers. Let's take a look at a real situation that happened where a taxpayer honestly tried to do the right thing but it all went awry.



An individual opened two separate gas stations with his brother. Using their own money, they found locations to operate, purchased inventory and engaged an accountant to prepare their tax returns. They kept all the books and records required of a business, filed their tax returns on time and paid their taxes in full. Everything was going great so they weren't worried when they were selected for a sales and use tax audit.

Their accountant represented the businesses on audits and at the end of the audits, substantial bills were issued to both business. How can this be? It turns out the accountant incorrectly completed Schedule FR, Sales and Use Tax on Qualified Motor Fuel and Highway Diesel Motor Fuel, on the audited returns. This led to an underpayment of tax on gasoline sales.

Stuck with these tremendous assessments with interest continuing to accrue, the individual sought ways to begin paying his debt. He sought to pay the assessments with his brother but the accountant did not have both individuals held as responsible persons of the businesses even though they both should have been. With that statute of limitation already expired to assess the brother, the brother simply walked away stating it wasn't his problem.

Let down by his trusted accountant and abandoned by his own brother, he started receiving calls from two different collection agents from New York State (New York State assigned a different collection agent to each business entity and refused to have one case transferred to the other. Rather than speak with each other, the collection agents had the taxpayer run between the two agents). The collection agents spoke aggressively about taking collection action against him and his businesses but he was able to gather all the documentation needed to request a payment plan prior to any collection action taken against him.

Needing a 60-month payment plan to afford the monthly payments, the taxpayer waited anxiously. He waited months and months for a reply but there was none. He left voicemails for the collection agents but there was no reply. Then, suddenly, he received paperwork in the mail for a payment plan for each business: one for the requested 60-month period and one for a much shorter period. Due to the shorter payment plan, the amount due each month would be too great. When he called the collection agent who issued the shorter payment plan, her voicemail stated she retired the day after the payment plan paperwork was issued. That's right; she issued a payment plan without any regard for the taxpayer because she was retiring the very next day.

The taxpayer finally came to Sales Tax Defense to get the help he needed. Though he was sorry he didn't contact us earlier in the process, we are helping him resolve the outstanding issues.

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Success Story

Sales Tax Defense LLC recently represented a taxpayer whose business failed to pay all of its payroll taxes. The business was not viable but had filed the returns and intended to pay all of its obligations, but the business simply could not afford it.

We assisted that taxpayer in closing the business because we knew that the owner or responsible person of the business is generally only personally liable for approximately 50% of the company's federal payroll taxes. The remaining portion of the federal payroll taxes die with the company. Once the owner was personally assessed, we were able to arrange a payment plan with the IRS whereby the taxpayer could pay its liability through regular monthly installments. We were also able to negotiate that no lien be filed against the owner unless he defaults in his monthly payments.

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.

Wishing you and your families a warm and peaceful Thanksgiving surrounded by family and friends.



There are 2 morals of the story here. First, just because you're trying to do the right thing doesn't mean you can't get stuck in a horrible situation. And second, sometimes completing an independent review of your sales tax filings, can save you a lot in the end.

Contact Sales Tax Defense LLC. We can complete a due diligence review including making sure that your sales and use tax returns are filed correctly.



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