



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

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October 2013

You Can't Stick Your Head in the Sand

Although we are in the midst of autumn and the days of summer have passed, we still encounter people who would rather stick their head in the sand then face the cold winds of reality. But it is time to get off of the beach. It is time to realize that a federal government shutdown does not close New York State. We said over a year ago that it is easier and cheaper to fix a leaky pipe than to wait until a larger problem forces you to replace an entire wall. This still remains true.



New York State will mail many different types of notices to a taxpayer. There is the "you have been selected for a sales tax audit" letter. Enclosed with this letter is a list of documents that the State's auditor wants to see. If this letter is ignored, documents not provided, and meetings not scheduled, the State does not simply go away. The State will use what information it does have, possibly just income tax returns, and "make up" a number that is due. This number is almost always extremely high.

Then there is the Notice of Determination. Surprisingly, this is still considered a "good" notice because if you are receiving this, it means you still have a chance to fight New York State. The Notice of Determination is sent by certified mail and lists what the State thinks the taxpayer owes in taxes. However, there is a strict 90 day deadline to protest this notice and request a hearing. If you refuse to accept the certified mail, if you do not open the letter, if you do not know about the 90 day deadline, it does not matter. On the 91st day, the tax becomes legally due and your rights to fight it become severally limited.

There is also a Notice and Demand for Payment. Unless you reached a settlement with the auditor and was expecting this notice, this is usually the "bad" notice. This notice means the tax is legally due (either because you agreed to pay it or you did not file a protest). If you had ignored all previous notices because you thought things would just get better, this notice is a sign that the State does not go away. The Notice and Demand for Payment is what is mailed after the 90 days to protest has expired.

If you stick your head in the sand and ignore the multiple New York State Tax Department notices, phone calls, and visits, it will result in bank levies, liens on assets, and seizures of property. That is why we always recommend to fix the leaky pipe now, address and resolve the issue now, before it becomes a bigger problem. Sales Tax Defense is here to FIGHT ERRONEOUS ASSESSMENTS, help with audits, get a sales tax refund, or to simply give sales tax advice.



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The Proactive Approach

The owner of a company that was recently closed was notified by the New York State Tax Department that the company was being audited for sales and use tax. Rather than ignoring the letter simply because the company was now closed, the owner contacted Sales Tax Defense.

The auditor chose a three month test period and reviewed sales invoices from that period. She compared taxable sales to nontaxable sales and came up with a taxable ratio. The taxable ratio was then applied to the company's gross sales for the entire audit period. Using this methodology, the auditor determined that the company owed an additional \$205,000 in tax. Furthermore, it took her nine months to review three months of invoices.

We disputed the auditor's findings. Using the State's own audit manual against them, we argued that an error rate should be applied to this type of business rather than a taxable ratio. We cited exactly where the audit manual says to use an error rate. We went up the chain of supervisors, arguing for an error rate. At first, the supervisors refused. However, the supervisor's manager finally determined that we were correct and the assessment was reduced to \$62,000, a savings of \$143,000!

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.

Upcoming Sales Tax Seminars

When	Where	Location
Oct. 29, 2013 7:45 AM - 10:15 AM	IMA Quarterly Breakfast	68 South Service Road Melville, NY
Nov. 1, 2013 8:00 AM - 10:00 AM	NYSSCPA Westchester Chapter	Doral Arrowwood Hotel Conference Center 975 Anderson Hills Road Rye Brook, NY
Nov. 6, 2013 8:30 AM - 10:30 AM	Frank Hirth	Wall Street Plaza 88 Pine Street, 26th Floor NYC, NY
Nov. 7, 2013 8:30 AM - 10:30 AM	NRL Wealth Creation Strategies LLC	25 Carle Road Westbury, NY
Nov. 8, 2013 12:30 PM - 2:00 PM	Nassau Bar Association	15 West Street Mineola, NY
Nov. 20, 2013 3:30 PM - 5:10 PM	LITPS	Crest Hollow Country Club 8325 Jericho Turnpike

8325 Jericho Turnpike
Woodbury, NY

Nov. 21, 2013 12:30 PM - 1:30 PM

LITPS

Crest Hollow Country Club
8325 Jericho Turnpike
Woodbury, NY

Dec. 12, 2013 8:30 AM - 10:30 AM

NYSSCPA Queens Chapter

St. John's University
Bent Hall, Room 277

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