



FLEA ON AN ELEPHANT



Could you find a flea on an elephant in a reasonable amount of time? Probably not. What if the amount of time spent looking for it was irrelevant? Still probably not. Well, do you know who could find a flea on an elephant and often does not care how long it takes? The New York State Department of Taxation & Finance is who.

Our client, a large contractor, who does over \$200 million in gross sales each year, was subject to a sales and use tax audit. The business is so large, the auditor decided to use a single month as a test period instead of the typical three month test period.

The auditor reviewed all of the sales for the test searching for any taxable sales on which tax was not collected or not remitted. He could not find any. The auditor reviewed certain administrative expenses for the test month searching for any taxable purchases on which tax was not paid or self-assessed. He could not find any.

Lastly, the auditor reviewed all of the job material purchases for the entire month. The job material purchases totaled almost \$3 million for the month. The result of the test: The business did not pay tax on slightly over \$2,500 of job material purchases. Therefore, this large contractor who does over \$200,000,000 in sales each year was assessed \$707.99 in use tax in that quarter and the results were extrapolated throughout the entire audit period.

It's called "immateriality", ever heard of it?

While we and the Tax Department both would argue that not every audit needs to result in an assessment, it appears that we're the only ones that actually believe it and they'll clearly work hard to get every penny. Could you imagine if a private sector business was in charge of auditing a business, reviewed thousands of transactions and issued a questionable assessment at the end? That business would be out of business rather quickly.

The audit period ended in late 2014 and yet, the audit just recently concluded because frankly, time is often irrelevant to the government since they're not a private sector business.

If you need help wrapping up an unnecessarily long audit, contact us!

SALES TAX DEFENSE TRIES TO ESCAPE THE ROOM!



Not only can Sales Tax Defense LLC solve all of your clients sales and use tax problems, if trapped in a room together with several riddles and clues, we can work together strategically to escape the room within an hour!

In June, Sales Tax Defense LLC set out to accomplish what seemed to be impossible. Our 6 employees stood up to the challenge to escape the room in an hour. This challenge usually requires 10 people, but we knew with our unparalleled team work, we would be able to accomplish this seemingly impossible task...and we did...not.

Our teamwork skills were put to the test and we learned a lot! However, in our relentless pursuit of success we will attempt a new escape on August 24th. And just like a sales tax bill that won't go away, if the auditor won't settle, you can count on us to take the matter to a conciliation hearing, Tax Court, or Appeals Tribunal. Contact us with your next sales tax problem; we won't stop until the problem is solved!

ABOUT THE FIRM



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.

[CONTACT US!](#)

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"Mark,

I can't thank you enough for the hard work you and your staff put in to help me out of the deep tax issue I was saddled with. With the settlement now fulfilled I am able to live life with a lot less stress and move towards financial stability."

**-Daniel C.
Business Owner**

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