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

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September 2014

Numbers Don't Lie – The Statistics Behind the Tax Department

We are often asked by business owners who were just notified that they are under audit by the Tax Department – am I the only one? Is the Tax Department targeting me? Well, it may be reassuring to hear that you are not the only one; that you are in fact, one of many.



We recently met with the management team of the New York State Department of Taxation and Finance and they gave us the “low down”. Every year, the Tax Department completes approximately 6,000 sales tax audits. The main issue that always comes up is the question of adequate books and records and more often than not, the Tax Department finds that the business does not have adequate books and records.

Tax audits, whether sales tax, payroll tax, or income tax, bring in a lot of revenue and the NY Tax Department just hired 87 new auditors.

A relatively new policy which we have previously wrote about in our newsletters is that when an individual owes taxes, the Tax Department will work with the DMV to suspend that individual's driver's license. Almost 23,000 people were notified in the past year that their driver's license will soon be suspended. Of those, nearly 8,000 either paid the tax due in full or worked with the Tax Department to enter into some type of payment arrangement. Almost 8,000 people were ineligible for the driver's license suspension, due mainly because they have a commercial driver's license. The remaining 7,000 had their driver's license suspended. Driver's license suspension notices brought in approximately \$50 million.

Furthermore, approximately 100,000 wage garnishments are in effect which brought in \$12 million in the last year.

The Tax Department is becoming more and more aggressive in its audits and tax collection efforts. Our recommendation is to review your tax policies and prevent any problems before they start.



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Success Story A \$3.2 Million Dollar Savings!

A client came to us whose business ended years ago. The client became a taxi cab driver, simply trying to make ends meet. His wife had passed away from cancer and he was still supporting his teenage daughter and her child. The NYS Tax Department was holding him personally responsible for sales tax due from his past business. The amount due equated to approximately \$3.7 million.

The client came to Sales Tax Defense to see what could be done to resolve his liability. After reviewing the client's assets, we advised that the best solution would be to do an Offer in Compromise. The client decided to proceed.

After several back and forth discussions with the Tax Department, they agreed to compromise his liability. A \$3.7 million dollar liability was reduced to \$500,000, which he paid with the inheritance his wife left him. **That is a savings of \$3.2 million!**

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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