

SOLUTIONS BEYOND THE OBVIOUS

Sales & Use Tax Services

In an environment where methodical and consistent cost cutting is key to staying competitive, excessive sales and use taxes can be an ongoing drag on cash flow. Sales and use tax is no longer an uncontrollable expense when Tronconi Segarra & Associates LLP's tax practice assists you in using the states' rules to your advantage. We help you minimize the risk of a significant overpayment or underpayment of tax, and assist you in recovering refunds of tax or negotiating tax settlements. Additionally, we help you minimize the cost of sales and use tax compliance as well as the sales and use tax costs associated with events such as mergers, acquisitions, and site selection.

Minimize Risk

- Audit Representation
- Reverse Audit
- Bad Debt Review
- Nexus Review
- Negotiated Settlement
- Research and Analysis
- Ruling Request

Minimize Cost

- Construct Sales Tax System
- Operational Audit
- Outsourcing
- Procurement Card Procedures
- Sales and Use Tax Managed Compliance Agreement
- Training and Tax Determination Manual
- M&A Planning
- Due Diligence Study
- Site Location Study



Our sales and use tax services include the following:

Minimize Risk – Overpayment or Underpayment of Tax

Audit Representation

Many taxing jurisdictions use audits as a means to raise additional revenue, as opposed to checking for compliance. As a consequence, many audit assessments are greatly inflated. Given this situation, it is not unusual for Tronconi Segarra & Associates to obtain sizable reductions in proposed assessments, interest, and penalties while minimizing disruption to employees.

Reverse Audit

Many taxing jurisdictions provide sales and use tax exemptions that are applicable to either all taxpayers or to select industry groups (manufacturing equipment, telecommunications equipment, drilling/mining, etc.). These exemptions are frequently overlooked by companies or not used to the fullest extent allowed. We review your state and local sales and use tax payments on purchases to identify and recover overpayments. Our review also identifies sales and use tax compliance process problems, and proposes solutions leading to prospective tax savings, improved cash flow, and cost reduction.

Bad Debt Review

Retailers must remit sales tax at the time of sale, but a percentage of receivables are routinely written off as bad debts. Tronconi Segarra & Associates' Bad Debt Review identifies and recovers any sales and use tax overpayments related to bad debt. The process includes a review of current policies and procedures, and the preparation of letters and schedules to document recovery through credits or refunds from states. Based upon the review, we can assist you in preparing written procedures related to deductions of bad debts on sales and use tax returns in order to improve internal controls going forward.

Nexus Review

In light of the low threshold used to assert nexus for sales and use tax, most states and local jurisdictions will seize upon minimal activities and try to compel companies to file tax returns. Given this environment, many companies inadvertently trigger collection responsibilities and tax liabilities. In many situations, we can assist you in neutralizing nexus problems through proper planning.

Negotiated Settlement

Given the minimal nexus requirements imposed by most states and local taxing jurisdictions, companies frequently trigger a sales or use tax collection or filing responsibility but remain unaware of their duty to collect and remit or to pay the tax to taxing authorities. In these situations, Tronconi Segarra & Associates minimizes the outstanding tax liabilities of companies by systematically negotiating a reduced-liability settlement with the relevant taxing authorities to settle past-due liabilities and register the company for proper compliance prospectively.

Research and Analysis

The imposition of sales or use tax on specific transactions is often unclear. We will research the relevant state and local tax authorities to provide you with our level of assurance as to whether the transaction is exempt or subject to tax.

Ruling Request

In some situations, the incidence of tax is uncertain because of a lack of relevant state and local tax authority. In these situations, Tronconi Segarra & Associates will assist you in preparing a ruling request. Many states will issue a ruling that specifies the tax treatment to be afforded to a proposed transaction. Several states will issue "no-name" rulings so that we can keep your company name confidential.

Minimize Cost – Compliance

Construct Sales Tax System

Growing companies ultimately reach a point where they need an automated sales tax billing system, and there are many robust but often costly alternatives to choose from. Tronconi Segarra & Associates will assist you in selecting and implementing a cost effective solution, or in constructing an “in-house” system that appropriately adds sales tax to your customer billings and generates adequate documentation for compliance purposes.

Operational Audit

Many companies assign the state and local tax function to employees in clerical positions. In most cases, these employees are not familiar with the dynamics of the law and do not stay informed of the changes in the law. The possibility of overpaying increases in such circumstances. We complete an in-depth evaluation of the strengths and weaknesses of your sales and use tax function utilizing a disciplined approach. The results of this evaluation will be used to recommend and/or implement process improvements in efficiency and record keeping, with the ultimate goal of fewer audits and smaller assessments.

Outsourcing

Sales and use taxes are often the most misunderstood and heavily audited areas of state and local taxation. Compliance for these taxes is a time-consuming task and can be the source of unexpected tax liabilities or a source of unanticipated tax savings. As your outsourced sales tax department, Tronconi Segarra & Associates provides compliance services by the most efficient means possible while minimizing the risk of a significant overpayment or underpayment of sales and use tax.

Procurement Card Procedures

Procurement card programs are popular with companies that have a high volume of repetitive low dollar purchase transactions. While procurement cards reduce purchasing costs by streamlining purchasing procedures, companies must consider implementing new

procedures in order to maintain proper sales and use tax compliance. We assist you in developing procedures that will impose little, if any, burden on your purchasing process while minimizing the risk of a material overpayment or underpayment of sales and use tax.

Sales and Use Tax Managed Compliance Agreement

We develop a “single percentage” of sales taxable purchases with the concurrence of the taxing jurisdiction so that you can use this percentage for at least the next two years to efficiently calculate and remit use tax due on purchases. This alternative to traditional compliance procedures will save considerable time and effort with the monthly filing of use tax returns by eliminating the need to review purchases individually. It will also eliminate most of the time, penalties, interest, and professional fees associated with a sales and use tax audit, as well as tax overpayments and the fees associated with the recovery of such overpayments.

Training and Tax Determination Manual

The determination to pay sales or use tax is often made by company personnel who generally have little expertise or training. Given this situation, it is not uncommon to discover that the determination for purchases is made based upon whether the vendor has charged tax on the invoice. With regard to sales, many companies do not thoroughly analyze whether sales or use tax is applicable. In many states, the seller can be held liable and assessed for tax on sales where it fails to collect sales or use tax. With average sales and use tax rates of approximately 6%, a wrong determination can wipe out a company's profit margin. Given the general lack of oversight, Tronconi Segarra & Associates will assist you in training employees in the area of sales and use tax with the objective of minimizing sales/use liabilities, audits, and assessments. We also assist you in developing a sales and use tax manual that determines the incidence of tax on both purchases and sales in order to retain knowledge notwithstanding employee turnover.

Minimize Cost – Plan Tax Efficient Events

M&A Planning

Mergers, acquisitions, and disposals are generally complex in nature and have the potential to trigger substantial adverse sales and use tax consequences (e.g., imposition of sales or use tax on otherwise tax-free asset transfers, etc.). All too often, state tax issues (especially sales and use tax and transfer tax issues) are ignored or not considered until the last minute when it is too late to alter the course of the transaction. We help you minimize sales and use tax liabilities associated with mergers, acquisitions, and disposals through the use of proper advance planning.

Due Diligence Study

In stock acquisitions, the acquirer generally assumes liability for any unpaid state tax liabilities of the target. For asset acquisitions, which generally involve all or substantially all of the assets of a business, many states that do not receive adequate notice may hold the acquirer and the prior owners (including, at times, the officers of the selling company) jointly and severally liable for unpaid state tax liabilities. Given the complex nature of multi-state tax issues, Tronconi Segarra & Associates will assist you, assessing the degree of exposure for unpaid state and sales and use taxes.

Site Location Study

Sales and use tax rates and rules vary sharply by jurisdiction. In addition, many states offer incentive packages to entice companies to locate within their borders in order to attract jobs. These incentives vary greatly by individual taxing jurisdiction. By taking advantage of the differences among the taxing jurisdictions, we can assist you substantially in reducing your sales and use tax liabilities.

Why Tronconi Segarra & Associates?

We are firmly committed to working closely and cooperatively with each of our clients toward the goal of establishing long-lasting professional relationships. We believe we are the sales and use tax service provider of choice for the following reasons:

- **Partners and senior management team members of our Firm are actively involved in your affairs.**

We believe in hands-on partner and senior management team member involvement to ensure the highest quality of client service, and to ensure that issues and recommendations are brought to the forefront in a timely fashion. We take pride in our most recent client service survey in which we received a 95% approval rating.

- **We believe in a flexible approach.**

Our approach to each project is designed in conjunction with our clients, and we contemplate three key objectives: quality and timeliness of work; cost management; and continuous communication to ensure the other objectives and planning ideas are enhanced and realized. We work with our clients to design an approach that leverages the use of their internal staff with the hopes of minimizing costs.

- **We couple expertise with competitive rates.**

Our experience with national and international accounts gives us a breadth of practical knowledge and understanding of a full range of financial management techniques and solutions.

- **Our commitment to excellence is reflected in the quality of our work product.**

We effectuate this principle by having our senior-level personnel involved in the day-to-day performance of our work. Above all, we exhibit qualities of honesty, integrity, energy, and innovation in the delivery of our professional services.

For more information on Tronconi Segarra & Associates LLP's sales and use tax services, or to schedule a meeting, please contact us.

