



THE POWER OF BEING UNDERSTOOD

REVERSE SALES AND USE AUDIT

Recover what is rightfully yours

Are you confident in your assessment, collection and payment of transaction-based taxes across all the states in which your company operates?

Is your company at a competitive disadvantage caused by collecting unnecessary transaction taxes?

Are you facing a sales and use tax audit and wanting to stay ahead of the findings?

Have you avoided attempting to recover overpayments due to limited resources or lack of experience navigating state tax agencies?

If your company operates in multiple states, it can be cumbersome to maintain proper transaction tax compliance, even with the best intentions. Though understanding the details of state-by-state transaction tax laws may not be your core business, the impact on your bottom line can be significant.

- Collecting and paying unnecessary sales tax may create a competitive disadvantage
- Paying sales and use tax by default may help to mitigate compliance risk but can also negatively impact profitability
- Relying on outdated monthly compliance procedures may increase errors and tie up resources unnecessarily

Experienced transaction tax professionals can help you avoid these challenges and provide an expedient, yet thorough, reverse audit to help identify opportunities for strategic improvements.

Comprehensive analyses

RSM's state and local transaction tax professionals spend 100 percent of their time focused on issues and opportunities related to transaction-based taxes, including excise, gross receipts, privilege, sales and use taxes. We understand the compliance obligations, how these vary by jurisdiction and where companies are likely to make errors that can result in overpayments. What is more, we have a proven ability to identify and recover overpayments in an efficient and unobtrusive manner, returning those tax overpayments to your bottom line. Collectively, our transaction tax team has recovered millions in overpaid sales and use taxes.

Reverse audit services should be performed during or immediately after a state-initiated sales tax audit. Most state tax auditors devote significant resources to identifying tax exposure, but devote little, if any, time to identifying tax overpayments. The taxpayer bears the responsibility for identifying and presenting tax overpayments to the auditor in order to offset scheduled liabilities.

Through a comprehensive analysis of past fixed asset and expense item purchases, our transaction tax professionals:

- Identify past tax overpayments
- Recover funds from vendors and state revenue agencies
- Help mitigate future compliance errors
- Prepare for state and local tax audits and mitigate tax audits currently in progress
- Improve tax decision-making for more accurate future compliance

While recovering overpayments can provide an immediate bottom-line improvement, our reverse audit findings also serve as a basis to develop planning strategies to minimize overall sales and use tax costs going forward. This can be the first step toward establishing effective and efficient sales and use tax processes that can deliver measurable benefits every year, on every purchase.

Close working relationships with state revenue agencies

The RSM transaction tax team includes former state revenue agents, including tax policy specialists, tax auditors and state tax attorneys, who understand where, when and why overpayments can occur. We leverage that experience to find opportunities to make certain your company pays only the tax it rightfully owes. When necessary, we will negotiate with state departments of revenue on your behalf.

Focused on your business

While we work hard to find your overpayment savings, we won't disrupt your business. Our efficient and non-invasive review process allows your company to continue normal business operations without interruption.

Members of our fully integrated state and local tax practice maintain constant communication with state tax specialists throughout the country in order to assist companies operating in multistate environments and to provide the best resources to identify overpayments. We keep a keen eye on state agencies, national trends, proposed legislation, recently passed laws, state tax court cases and agency rulings that may impact your organization.

You can rely on the RSM team to keep you informed of issues that may affect your business, giving you time to plan for change.

Experience with industry nuances

RSM embraces the importance of understanding our clients' industries, and that understanding pays dividends with our reverse sales tax audits. While companies in any industry can benefit from this service, we have historically found that companies in the following sectors receive the biggest refunds:

- Manufacturing
- Mining
- Interstate transportation
- Health care
- Life sciences
- Telecommunications
- Consumer products
- Wholesale and distribution

No matter what your industry or the number of states in which you operate, RSM has a team to serve your needs.

National reach, local touch

At RSM, we offer a distinct balance between the resources of a national organization and the client focus of a local firm. We understand that experience, while critical, is not what serves clients – people do. For each client, we distill the broad scope of our experience into a customized solution driven by professionals committed to personally understanding your business, your goals and your unique issues.

That's the power of RSM. *The power of being understood.*®

+1 800 274 3978
www.rsmus.com

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