



## THE POWER OF BEING UNDERSTOOD

## STATE INCOME AND FRANCHISE TAX SERVICES

Proactive state income and franchise tax strategies that support your business goals

Do you know the average state effective tax rate for your industry? Is your company's rate in line with that average?

When is the last time you reviewed your tax structure to identify areas of refund opportunity, planning or exposure identification in other states?

Are you filing state returns in all jurisdictions where you operate or have customers? Are you confident in your tax compliance across all locations?

Managing effective state tax rates can be daunting. Having a strong state income and franchise tax strategy in place can help define a business's overall success.

RSM can help you manage the ever-changing tax environment. Our state income and franchise tax professionals follow state legislation, case law and tax trends closely, so that we can provide informed advice to help you make decisions that are strategic, rather than reactive.

We take time to understand your organization, and then work with your team to identify opportunities, mitigate risk and deliver value to your business. This collaborative approach takes into account your distinct business situation and provides customized strategies and methods that are designed to meet your specific goals.

### State and local tax reduction strategies

Businesses evolve through growth, decline, mergers or acquisitions. Yet few corporate organizations naturally evolve into a tax-efficient legal structure. If you have experienced any of these changes in recent years, or if you simply haven't reviewed your overall tax strategy lately, we can help identify opportunities to achieve tax reduction and efficiency.

Due to differences in tax systems among the states, how you structure your organization can have a significant impact on your state tax liabilities and your bottom line. A state and local tax reduction review will help you better understand your tax footprint and key tax drivers, so that you may achieve savings through improved income tax planning.

### Multistate tax return review

Changes in state administrative decisions, rulings and regulations are difficult to monitor. As a result, many companies miss out on refund opportunities, leaving behind dollars that are rightfully theirs.

RSM can help you identify and recover those dollars. We will analyze three to four years of your company's filed state tax returns for available credits, alternative group filing positions in apportionment methodology, classification of business/non-business income, filing positions and prospective tax planning ideas. This analysis typically results in prior year refunds, as well as future tax savings.

### Audit defense and appeals

Knowing how to effectively manage a state audit can mean the difference in thousands of dollars of assessed tax. Knowing what administrative remedies are available after the audit is concluded can be even more important.

RSM's audit defense team is composed of industry specialists, former state auditors and former tax administrators who are experienced with state audits and dispute resolution. We can manage the audit from start to finish or consult on specific audit issues as your circumstances require.

## Nexus evaluation and voluntary disclosure agreements

In the wake of growth and expansion, many companies inadvertently create compliance risk by failing to update their tax filings to reflect the laws and regulations of all states in which they operate. Over time, this oversight can prove costly. Additionally, business activities that pose no problem in one state can be nexus triggers in another.

Staying ahead of these issues requires a detailed understanding of state-by-state regulations, an area where many companies lack sufficient internal resources. RSM understands the process and will work on your behalf to help resolve past tax exposure resulting from non-filing and minimize your exposure in the future.

## Mergers and acquisitions due diligence

Companies often wait until late in the process to identify and resolve state tax issues that could become deal breakers. Other times, unknown material state income tax and sales tax liabilities surprise the buyer after the deal has closed. Qualifying these liabilities beforehand is critical.

Whether you are on the sale or buy side of a transaction, RSM's mergers and acquisition specialists can help you identify the pitfalls (i.e. transferee liability, loss of credits and net operating losses, transfer taxes), recommend purchases/sales strategies to save or mitigate taxes, and uncover hidden assets (i.e. tax attribute carryforwards, new elections). We will work with you to identify and resolve potential risks, properly structure transactions and provide effective post-closing transaction assistance.

## Credits and incentives

Numerous tax credit and incentive programs exist to help states attract or retain businesses. Job creation, relocation, expansion, research and development, environmental remediation and employee training are just some of the areas where businesses can earn tax benefits. Understanding where these incentives exist and how to qualify should be an important piece of your overall tax and business strategy.

RSM can help you evaluate available credits and incentives and use them to your advantage. If your business has recently experienced, or is planning for, change in any of the areas above, we can review available tax credits. In the case of past activity, we can file amended returns on your behalf. We can also negotiate with state agencies to obtain favorable incentive packages and help your team develop processes that will keep you informed of future incentives that may be applicable to your business.

## Individual income tax planning

Individual income tax filing in a multi-state tax environment is complex. Filing thresholds, reporting methodologies for pass-through income, credits for taxes paid to other states and e-filing requirements are all unique matters that may differ from state to state. Working with RSM's state and local tax specialists at the individual income tax level can ensure that returns are filed properly and efficiently.

---

**+1 800 274 3978**  
**[www.rsmus.com](http://www.rsmus.com)**

This document contains general information, may be based on authorities that are subject to change, and is not a substitute for professional advice or services. This document does not constitute audit, tax, consulting, business, financial, investment, legal or other professional advice, and you should consult a qualified professional advisor before taking any action based on the information herein. RSM US LLP, its affiliates and related entities are not responsible for any loss resulting from or relating to reliance on this document by any person. Internal Revenue Service rules require us to inform you that this communication may be deemed a solicitation to provide tax services. This communication is being sent to individuals who have subscribed to receive it or who we believe would have an interest in the topics discussed. RSM US LLP is a limited liability partnership and the U.S. member firm of RSM International, a global network of independent audit, tax and consulting firms. The member firms of RSM International collaborate to provide services to global clients, but are separate and distinct legal entities that cannot obligate each other. Each member firm is responsible only for its own acts and omissions, and not those of any other party. Visit [rsmus.com/aboutus](http://rsmus.com/aboutus) for more information regarding RSM US LLP and RSM International. RSM® and the RSM logo are registered trademarks of RSM International Association. *The power of being understood®* is a registered trademark of RSM US LLP.