



THINKING BIGGER IN AUDIT INITIATIVES, GOOD, BAD OR OTHERWISE

NESTOA
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Some Initial Thoughts

- ▶ Develop An Overall Strategy Prior to Audit/Receipt of An Assessment
 - ▶ Remain Sensitive to Statute of Limitations Issues
 - ▶ Focus on Specific Issues
 - ▶ Audit methodology

Some Initial Thoughts

- ▶ Understand the Case
 - ▶ Meet with the Auditor
 - ▶ Understand scope, expected audit time frame, information needs, other expectations
 - ▶ Build a relationship/rapport
 - ▶ If Auditor is Not Forthcoming, Consider Alternative Means to Discuss Case
 - ▶ Do the Necessary Research

Some Initial Thoughts

- ▶ Settlement?
 - ▶ An Opportunity to Settle is Almost Always Available
 - ▶ Compromise on small dollar issues
 - ▶ Engage in Discussions

THE BAD

Choose Your Dispute Resolution Path Deliberately

Use of “Local” Courts or State Controlled Internal Courts Can Have Disastrous Results

Ensure waivers cover both assessment and refund claims. Many standard waiver forms do not.

THE BAD

Not keeping a record of communications, especially agreements reached regarding sampling, taxability, and timing

The “Make Life Difficult” Strategy—the Power of the State to Issue Assessment

-Strategically, Taxpayers must stand firm on information requests or legal positions.

THE GOOD

Meet in Person

In the Age of Electronic Communication, Personal Appearances Can Mean a Tremendous Amount in Repairing a Troubled Audit or Closing a Settlement.

Unfortunately, Tone of Voice Often Dictated by Reader, Not Writer. Face to Face Allows Immediate Clarification Due to Other Attitudinal Evidence (Body Language, Actual Tone of Voice, etc.)

THE GOOD

It's Not Their Only Case

Just Like You, Auditors Have Lots of Cases and Matters to Attend To

Trying to Make Their Job Easier Can Make Your Job Easier

Travel Budgets Smaller, Make Field Audit Worthwhile.
Have documentation ready!

Rarely Seen the “Make Life Difficult” Strategy Work—
the Power of the State to Issue Assessment

THE OTHERWISE

At times, Eye is On the Bottom Line

All States Are Not Created Equal

- Approaches

- Timing

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