



preting the relevant law, National Office involvement—even at the taxpayer’s initiation—may be desired.



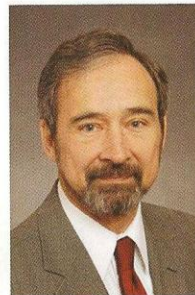
**Bederson & Company LLP**

*By Kenneth E. Winslow, CPA*

*Partner*

Due, in part, to the proliferation of e-commerce, many states are losing sales tax revenue and as such have increased Sales & Use Tax Audits. State audits appear to focus on service businesses not ordinarily charging sales tax. However, there is almost always a corresponding use tax liability of which clients are unaware, leaving them susceptible to a seven-year audit period for unpaid use taxes. This is a gold mine for the state as there is almost always money to be found in such audits. One of our construction clients was subject to a random audit. To resolve and minimize our client’s liability, we worked closely with the state auditor to look for anomalies in the sample period data. We identified a number of deviations and pointed them out to the auditor, who adjusted his assessment in our client’s favor. We also worked with the auditor to bring clarity to the interpretation of an ambiguous tax law which also resulted favorably for our client.

Although we have been successful at reactively responding to these situations, we work proactively to alert our clients to potential “unknown” tax liabilities to minimize their exposure to an assessment when these audits occur.



**Hunter Group CPA LLC**

*By Robert A. Mathers, CPA*

*Director*

A client came to us with an interesting tax issue. They owned an athletic center. The facility was an air-supported fabric dome made of a durable canvas-like material. Upon examination of their former accountant’s tax preparation, we determined that they were improperly depreciating the structure as “building.” After some research, Hunter Group’s tax team decided the structure was more accurately defined as personal property, since it did not have the permanence, durability or strength to be defined as a building. This position was further supported by the manufacturer, who only warranted the fabric for 10 years. Due to the likelihood of failure before that time, we determined it appropriate to file an application to change the method of accounting, reclassify the structure from a 39-year depreciation schedule to a