

How to attack an audit



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Continuing Professional Education (CPE)



Qualifying for credit

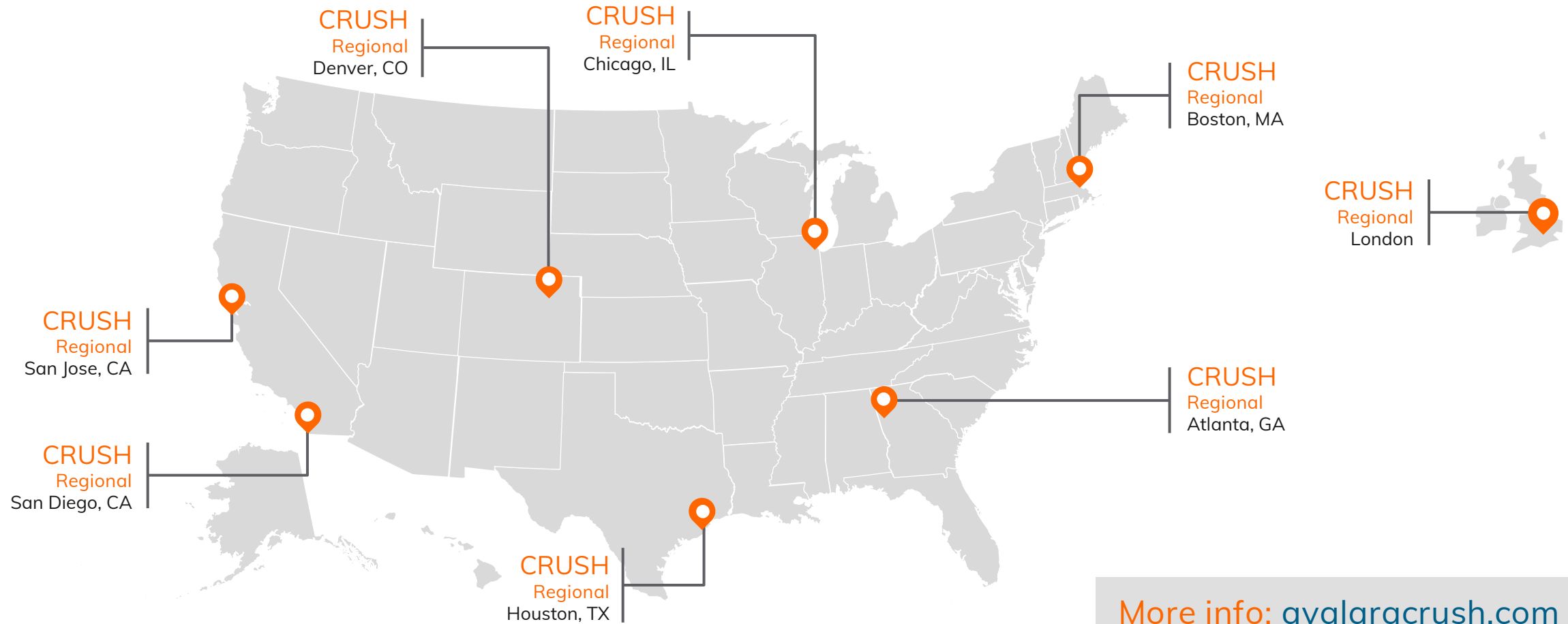
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Meet your presenters



Winona Dotson

Director, Professional
Services

Avalara

Winona is a Director within Professional Services focused on risk assessments and voluntary compliance for Avalara customers. With more than 20 years of experience in tax and accounting, she's focused on streamlining diverse sales and use tax compliance processes. Winona's experience, perspective and diverse knowledge of sales and use tax allows her team to help alleviate the penalties of non-compliance for hundreds of customers across multiple states.

Introductions

Customer panel



James Erwin

Director of Indirect Tax,
Zayo Group

BROWN JORDAN

Sarah Volpi

Senior Finance Manager,
Brown Jordan



Marnie Harris

Tax Team Lead,
Boy Scouts of America

Agenda

- 1 > Experience with audits
- 2 > Preparing for future audits
- 3 > Audit triggers
- 4 > Steps to take during an audit
- 5 > Post audit and appeals process
- 6 > Key learnings
- 6 > Q&A

Tell us about your last
audit. Did you feel
prepared?

TELL US ABOUT YOUR LAST AUDIT. DID YOU FEEL PREPARED?

First steps to prepare for an audit

- › Verify the taxpayer and permit under audit and the audit period
- › Confidentiality
- › Document retention
- › Audit plan
- › Testing plan
- › Consider how long audits typically take for your state
- › Is the auditor readily available to conduct the audit if the books and records are available?



What have some of
your audit triggers
been?



WHAT HAVE SOME OF YOUR AUDIT TRIGGERS BEEN?

Common audit triggers

- › Nexus discovery (having nexus and not being registered)
- › Payroll tax or other state and local tax filings (information sharing)
- › Trickle-down referrals through audits of vendors
- › Public information



Internet



Tradeshows



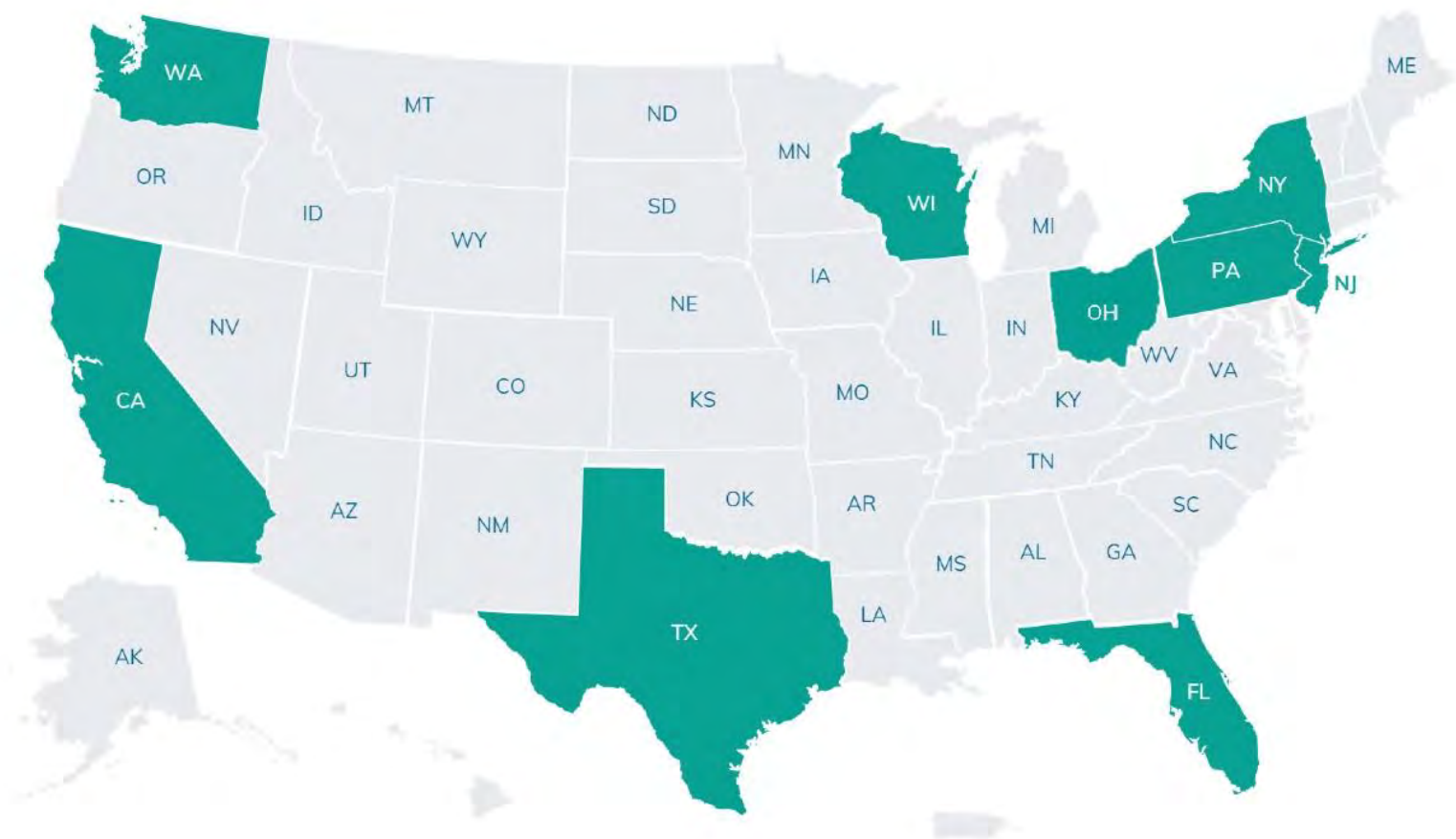
Seller website



Marketplace

- › Leads/list based on certain industries
- › Fulfillment by Amazon (FBA) seller central

Aggressive States in pursuing unregistered taxpayers and audits



- > California*
- > Florida
- > Illinois
- > New Jersey
- > New York *
- > Ohio
- > Pennsylvania
- > Texas*
- > Washington*
- > Wisconsin*

What happens during an audit? What do you recommend paying attention to?



WHAT TO PAY ATTENTION TO DURING AN AUDIT

Things to observe and document **DURING** the audit

- › Responding to and tracking all communications
- › Responsiveness to taxpayer requests
- › Reasonableness of requests
- › Document handling

What happens post-
audit?

What are some of your
audit best practices?

Tips and tricks



Tax is not paid on an honor system

- › Notification: Do not ignore, respond timely
- › Statute of limitations does not apply if never registered
- › Books and records (lack of)
- › Schedule kick off call / understand your business
- › Be respectful
- › Manage the audit and auditor
- › On a need-to-know basis



Contacted for audit?

- › Get everything in writing and over communicate
- › Track deadlines
- › Complete the audit as soon as possible
- › Audit findings and draft schedules
- › Appeal
- › Nothing is final
- › Go at it alone or hire a tax expert

Questions

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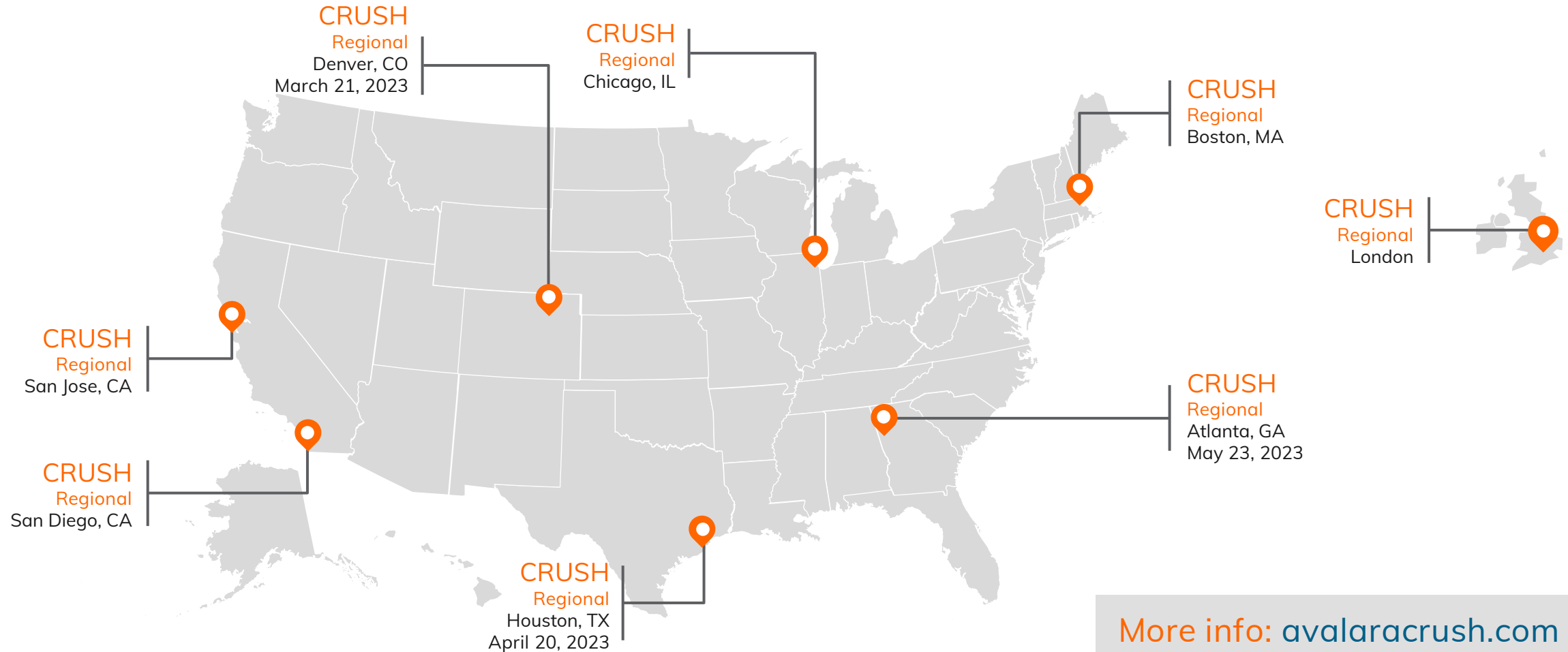
avalara.com/webinars

Events Calendar

- > 3/23 The 2023 tax trends and changes that retail customers should know



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