



Voluntary Disclosure

An Opportunity to Become A Current Tax Filer

EHTC State and Local Tax Services

INCOME & FRANCHISE TAX

- Tax Minimization Studies
- Business Structure Reviews
- Allocation and Apportionment Planning
- Combined, Consolidated, & Unitary Planning
- Nexus Studies
- Amended State Tax Returns from IRS Audits
- Single Business Tax Training

SALES & USE TAX

- Reverse Audits
- Compliance System Review
- Direct Pay & Compliance Agreements
- Exemption Certificate Documentation
- Industrial Processing / Manufacturing Exemption
- Utility Studies
- Nexus Studies
- Sales & Use Tax Training
- Transportation Company
- Procurement Company

PROPERTY (AD VOLEM) TAX

- Real Property Tax Reviews
- Personal Property Tax Reviews

TAX AUDIT & APPEALS

- Sales & Use Tax Audit Defense & Appeals
- Income & Franchise Tax Audit Defense & Appeals
- Property Tax Audit Defense & Appeals
- State and Local Tax Litigation Support
- Merger & Acquisition Due Diligence Reviews
- Voluntary Disclosure

BUSINESS INCENTIVE SERVICES

- Business Relocation & Expansion Services
- Tax Credits, Exemptions, & Abatements
- Grants, Financing, & Infrastructure Assistance

It is very possible that your company may have an income, franchise or sales and use tax filing obligation in a state where you are not currently filing. If this is the case, you may have a substantial unidentified liability. Failure to file these types of tax returns and pay tax due may expose your company to not only back taxes, but also substantial amounts of penalty and interest. The liability for back taxes may extend as far back as the first year your company began to do business in a state. It could be ten years or more. The penalties imposed are for failure to file and/or pay taxes due and can be as much as 50% for each year of non-filing. Interest is almost always added to the tax at statutory rates computed from the original due date of the tax return.

A small \$10,000 liability for ten years may add up to a \$200,000 audit deficiency when penalties and interest are included.

“Nexus” is defined as the minimum level of business activity that would subject a business to taxation in a state. The nexus standards vary from state to state. A EHTC Nexus Study is designed to identify the business activity in a state that may subject the company to state tax.

Most states have some form of a voluntary disclosure program. The important features include a limited lookback period of usually three or four years and the waiver of penalty. To qualify for the program, most states require that the potential taxpayer be a non-filer, e.g., someone who has never filed for that type of tax in that state, and there have been no prior contacts from the state. In other words, you cannot enroll in the voluntary disclosure after you receive notice of audit.

Most of the elements of the voluntary disclosure agreement are negotiated with the state. The taxpayer has the option to enroll through the Multistate Tax Commission program or enroll directly with each individual state. EHTC is both available and experienced in performing a nexus studies and to assisting companies in obtaining voluntary disclosure agreements.