



Amended State Tax Returns from IRS Audits

A Monumental Task That Must Be Done

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

A tax audit is not a very pleasurable experience for anyone at anytime. An audit conducted by the Internal Revenue Service sometimes can last for many years. The audit can consume a lot of time and disrupt your normal business activities. When the long ordeal is over and you finally reach agreement on the audit, there is a sense of relief. But it is short lived. You soon realize all your state tax returns for all the years adjusted by the IRS will have to be amended.

EHTC provides a service to assist taxpayers in amending their state tax returns that result from IRS audit adjustments. Our fully trained staff is qualified and able to prepare these returns and relieve the company of the responsibility. After all, we prepare thousands of state tax returns each year. Our tax compliance professionals not only have extensive knowledge of the state tax laws and the ins and outs of the tax forms, but we also have at our disposal tax preparation software and computer technology to efficiently do the job.

In addressing the amended tax return problem, we deal with the following issues:

Due Dates & Summary

To begin the process it is important to outline the varying filing deadlines for amending state returns as a result of audit adjustments. At this time a schedule should be prepared listing the entities, states, due dates and to serve as a tracking tool for the completed amended returns.

Gathering Pertinent Data

Most audit determinations are final only after a long period of auditing and negotiations. This requires the gathering of the appropriate old records and having them readily available.

Applicable Entity

Companies are organized in a variety of ways, therefore adjustments may apply to all levels or just at the subsidiary, parent, or holding company level. Combined, consolidated, and unitary tax base knowledge is necessary to apply the adjustment properly and file the return at the correct entity level.

Tax Base

Audit adjustments can affect any income or expense account. It is important that the adjustment is carried through to all applicable levels. For example, an apportionment factor may need to be adjusted if there is a change to gross receipts, payroll or property.



Amended State Tax Returns from IRS Audits (Continued)

About EHTC

Echelbarger, Himebaugh, Tamm & Co., P.C. (EHTC), a professional corporation was established in 1977 by Dennis M. Echelbarger. Since that time, our Firm has grown to become one of the largest, most successful, local accounting firms in the Greater Grand Rapids, Michigan area, and we are a recognized leader in the business community. Our success is based on building partnering relationships with our customers. We are large enough to serve a wide diversity of customers but small enough to maintain personalized attention.

EHTC's professional team is highly trained to provide technical and consulting services in the areas of accounting, taxes, and strategic planning to nonprofit, profit and service organizations and related entities.

Minimizing your tax liability requires careful, advance planning rather than preparing tax returns as deadlines near. Our tax professionals provide complete tax services and are assisted by our extensive tax library and the latest technology.

We pay careful attention to your unique circumstances such as your current requirements and your plans for the future. We then recommend a plan that best suits your needs while minimizing financial risk.

Sensitivity to Changes

Parties must be conscious of possible changes in state tax laws, tax rates, penalty and interest rates, as well as mailing addresses for return filings. In addition, companies may have had internal changes due to mergers or acquisitions that may effect how the adjustments are applied.

Effects on Tax Years Outside of Adjustment Period

NOL carrybacks and carryforwards may result from the audit adjustments. Since NOL carryback and carryforward rules vary in many states, proper research must be completed and resulting changes must be applied and carried through completely.

Reporting Requirements

Some states require reporting the adjustment on their own form, while other states allow a "reasonable" format to show the adjustment. In addition, the attachments required by states may vary.

City/Local Ramifications

City and Local adjustments must also be considered.