



Tax Accruals & Contingency Reviews

Supporting The Accuracy of the Financial Statements

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

Tax Accruals and Contingency Reviews are a service provided to support the accuracy of the financial statements. Income and franchise taxes in a multistate environment are very complex. The EHTC SALT Group can assist in quantifying your current tax liability and identifying areas of potential exposure.

The review covers three areas: nexus, apportionment, and tax computation.

Nexus is that minimum level of business activity or connection with a state, which will result in your business being subject to taxation in a state. The first step in the review is to identify every state where the company has a filing obligation. A properly conducted nexus study seeks to identify the company's normal business activities in relation to the various nexus standards. Generally, this will include investigating whether your company's activities are sufficient to subject it to a state's net income taxes, franchise taxes or gross receipts taxes.

Apportionment is the computational method used by the states to divide up the tax base. Most apportionment formulas have three factors; property, payroll and sales. Each factor has in-state activity as the numerator and activity everywhere as the denominator. The apportionment formulas are not consistent from state-to-state. During the accrual review we seek to identify the correct apportionment formula for each state, so the correct amount of tax is reflected as an accrual on your financial statements.

Tax computation is the final step in determining whether the tax liability has been calculated accurately. State tax returns are very complicated because they include many adjustments to the tax base and may also include special deductions and credits. The review is designed to verify the computational accuracy of the accrual.

A very important side benefit to the Tax Accruals and Contingency Reviews is tax planning. During the review process we may identify tax-planning opportunities. The list of tax planning opportunities will be made available to the company in written form.