



STATE & LOCAL TAX SERVICES

SALES AND USE TAXES

THE A&M TAXAND ADVANTAGE

Alvarez & Marsal Taxand professionals bring the same knowledge and quality of service you expect from Big Four accounting firms. Many of our Managing Directors have led successful tax practices or previously served as national technical resources in the world's largest public accounting firms. Because Alvarez & Marsal Taxand does not provide attest services, neither we nor our clients spend any time clearing independence issues – a time consuming process that reduces effective and responsive client service. Instead, we partner with clients and advocate in their best interest.

Alvarez & Marsal's distinct operational heritage has instilled a results-driven approach in all our professionals, enabling us to deliver comprehensive tax advice to meet your needs.

Working directly with company management, our tax professionals assist your sales tax department with its operational performance improvement and implement comprehensive plans to maximize value.

Sales and use taxes are a major responsibility for both sellers and buyers. Businesses are often surprised by the amount of sales taxes embedded in their purchases – or that should have been collected from customers but weren't. With common tax rates of 8 percent, controlling and optimizing sales tax is the one thing every company can do that makes a daily impact to the bottom line. Alvarez & Marsal Taxand, the leading independent global professional services firm, can help you tackle your most difficult sales and use tax challenges.

OUR SERVICES

Sales Tax Nexus Analysis

Identifying the state and local jurisdictions where a Company is required to comply with tax has grown increasingly complicated. The importance of sales tax nexus recently became more urgent, when the U.S. Supreme Court handed down its 2018 landmark ruling in *South Dakota v. Wayfair*. Due to Wayfair, sellers may now face more sales and use tax compliance obligations than ever before.

Sales and Purchases Taxability Analyses

The rules for taxing modern digital products and services are often as complex as the technology which enables the product. Purchasers often need assistance to understand which of their purchases are subject to tax and which jurisdiction has the right to tax the purchase; sellers frequently require this assistance too.

Sales and Use Tax Exposure Analysis

Underpayments happen. Knowing about and quantifying underpayments keeps your balance sheet up-to-date and is an important preparatory step for audit preparedness.

Audit Management and Defense

Companies are routinely audited by state and local taxing authorities for sales and use taxes more than any other type of tax. Alvarez & Marsal Taxand (A&M Taxand) provides advice on all aspects of a state and local sales tax audit – from discreet audit support to full audit management – assisting with both the examination and tax controversies.

Reverse Sales Tax Audit Services

Most government tax auditors are focused on identifying tax underpayments. A&M Taxand helps you to recover and manage "above-the-line" taxes – the indirect taxes. Our professionals identify overpaid sales and use tax and assist in recovering overpaid tax from tax authorities and/or vendors. Examples of such overpayments include exempt purchases, vendor errors, and tax remitted to taxing authorities but not collected from customers; e.g. bad debt write-offs. When performed in conjunction with a state or local Department of Revenue sales tax audit, this detailed reverse sales tax audit review could also reduce interest and penalties incurred in the Department of Revenue audit.

Process and Controls Review

Preventative and detective controls are the key to optimizing the transaction tax function. A&M Taxand performs in depth analyses of the transaction tax function and brings the necessary experience to identify and implement process improvements. A&M Taxand can also assist with Sarbanes-Oxley (SOX) Section 404 compliance requirements such as documenting transaction tax processes, identifying controls, and performing SOX testing.

Restructuring

Companies in crisis situations, such as bankruptcy, require assistance in managing state audits, securing cash associated with refunds to help pay creditors, as well as interim assistance with managing sales and use tax functions. Leveraging Alvarez & Marsal's core operational heritage, A&M Taxand is uniquely positioned to assist businesses in troubled and underperforming situations.

CLIENT SUCCESS STORIES

The selection of the right team is critical to the success of any sales and use tax consulting assignment; an understanding of your business and experience working with companies in your industry is required.

With combined experience of nearly 100 years in sales and use taxes, A&M Taxand professionals bring significant sales and use tax consulting experience and many have served as state tax auditors. Our team members bring experience across a multitude of industries, including energy, utility, manufacturing, telecommunication, transportation, medical, aerospace and software.

Reverse Audit Services

A&M Taxand successfully secured refunds of more than \$25 million for a major utility provider related to use taxes paid in error on purchases of manufacturing equipment and services. A&M Taxand performed a multi-state overpayment review for a major telecommunications provider, which resulted in savings of more than \$24 million. A&M Taxand performed a state overpayment review for a major pipeline transportation provider in Texas, which resulted in a refund of more than \$1.8 million.

Audit Management and Defense

A&M Taxand assisted a major telecommunications provider with the management and reduction of a sales and use tax audit in Texas, which resulted in \$1.3 million in tax, penalty and interest savings.

Internal Controls

A&M Taxand assisted with the preparation of the SOX internal control process flows and risk control matrix for a major exploration and production services client, which included gathering documentation to support the controls.

Process Review

A&M Taxand provided an independent review of the tax department for a major downstream oil and gas company to benchmark its department against competitors. The results were used to implement process improvement ideas, support a reorganization of the tax department and validate a need for resources to the CFO.

FOR MORE INFORMATION:



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ABOUT ALVAREZ & MARSAL TAXAND

Alvarez & Marsal Taxand, an affiliate of Alvarez & Marsal (A&M), a leading global professional services firm, is an independent tax group made up of experienced tax professionals dedicated to providing customized tax advice to clients and investors across a broad range of industries. Its professionals extend A&M's commitment to offering clients a choice in advisors who are free from audit-based conflicts of interest, and bring an unyielding commitment to delivering responsive client service. A&M Taxand has offices in major metropolitan markets throughout the U.S., and serves the U.K. from its base in London.

Alvarez & Marsal Taxand is a founder of Taxand, the world's largest independent tax organization, which provides high quality, integrated tax advice worldwide. Taxand professionals, including almost 400 partners and more than 2,000 advisors in 50 countries, grasp both the fine points of tax and the broader strategic implications, helping you mitigate risk, manage your tax burden and drive the performance of your business.

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