

#20434

[REDACTED]

January 5, 2018

Baldwin County Dept of Revenue
Sales & Use Tax Division
22070 Highway 59
Robertsdale, AL 36567

[REDACTED]
BC Sales Tax Acct: LCL - R009016170
Sales Tax State Audit August 2014 - May 2017

Dear Audit Department:

The Alabama Department of Revenue conducted a sales tax audit for [REDACTED] recently. The audit is now in Montgomery going through processing. The taxpayer, [REDACTED] is voluntarily reporting the audit to Baldwin County for updating the sales for tax calculation.

In August 2014, [REDACTED] purchased an ongoing business in Bay Minette, AL. This business was purchased in hopes to have a business to operate upon retirement ten years in the future. The previous owner handed the business on 'as is basis' which burdened [REDACTED] residing in Illinois at that time to priorities equipment replacement, targeting operations critical first, leaving cash register machine for latter. [REDACTED] who is an Engineer by profession, with no business experience at that time was told of products sold and margin being around 13% as tobacco being the majority of sales and overall taxes that have to be reported every month to authorities.

The first year or so, the store was operated by trial and error with employees stealing cash and products from him. [REDACTED] presently has a manager whom he can trust, who hires and oversees personnel and has in place checks and balances for the funds deposited. With this in place, a new POS system was purchased and now [REDACTED] can report sales based on Z-tapes. I, [REDACTED] have been hired as accountant, file sales taxes, payroll taxes and prepares financials for the business. [REDACTED] has learned, the hard way, to operate a business within government guidelines.

[REDACTED] has hired myself to help in operating within all guidelines of the taxing authorities. He has made great improvements with the POS system. The IRS 35.54% markup is way more than the profits [REDACTED] has earned from this business. Unfortunately we know the calculation cannot be done without detailed information. According to the sales/deposits and expenses/receipts, it does not show 35.54% profit.

Please review the audit and make the assessment as [REDACTED] would like to get this settled and move forward on the correct track.

Regards,

[REDACTED]

[REDACTED]

[REDACTED]