



# Tax Alert

September 2008

Dear Clients and Friends of the Firm:

## **California Sales Tax Auditor “Hit Squads” Are On the Loose!**

A recent article in the small business section of the *Los Angeles Times* outlined the California Board of Equalization's implementation of a new program to increase compliance with the State's sales and use tax rules and to ensure that small business is paying its fair share.

The new program involves sending “hit squads” of auditors out into the marketplace (sometimes unannounced) to verify that retailers and wholesalers have the proper California seller's permit and are remitting the appropriate sales and use tax. The auditors will also tour taxpayer facilities to determine if the reported amount of sales to the State makes sense when compared to observed levels of inventory and equipment on site. The program is expected to generate over \$223 million in additional revenues for the State over the next three years.

Stonefield Josephson's State and Local Tax Practice has the ability to review your company's sales and use tax registration and historical compliance to determine if issues or opportunities exist, *before the State arrives on your doorstep*.

If you are interested in a review, please call Tim Barnthouse, Principal – State and Local Tax, at (949) 777-1207, or call anyone on your Stonefield Josephson client service team.

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