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an audit, you are now tasked with proving that the client remitted the correct amount of sales tax to the state Department of Revenue (DOR) agency. You will gain confidence about the pending sales tax audit if all documents have been prepared properly. The following tips will help you better prepare for the dreaded sales tax audit.

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The sales and use tax audit could possibly be one of the biggest challenges that your

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*and does not collect tax there, auditors from that state can levy penalties and interests against that business for the delinquent taxes.*

**Organize your records:** A business may have remitted more or less than was required to its state DOR agency. The auditor will evaluate the validity and accuracy of the tax and the amount remitted. The auditor will have the right to require the business to show sales tax returns, excise tax returns, documentation for use tax, retail sales tax, business and occupational tax and all critical records related to the business. Individual sales transactions will also be evaluated, so it is imperative that the business keep efficient documentation to support individual transactions and be able to make these records accessible to the auditor. For businesses that don't currently have an efficient way to store and retrieve records, consider a sales tax software solution that will automate the process.

**Don't rush the audit process:** Sales tax audits can be tedious and time-consuming. The auditor will conduct a thorough audit and detailed examination of the business's sales records. Be sure all transactions are documented properly in order to avoid wasting your time and that of the auditor. If applicable, don't forget to have cash register tapes ready and/or exemption certificates for the audit. DOR authorities have become aware of the untapped sales tax revenue available, so they are closely scrutinizing businesses that have not been managing their customers' and/or vendors' sales tax exemption certificates.

**Advise your client to allow you to represent him or her in the audit:** It is hard to imagine a more tedious, costly and non-productive process than the sales and use tax audit. Knowing how to speak the same language as the auditor and respond appropriately to questions and requests for records will make the process go so much more smoothly. Be sure you recommend that your clients seek your advice and services in the event of a sales tax audit. Ultimately you will save them time and

money by helping your client organize all necessary documents to facilitate the sales

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Sales Tax - State and Local Taxes

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