

Profit Recovery from Reverse Audits



Consulting
Audits
Recovery





Identifying Potential Refund Steps and Procedures

Solutions

SMART TAX USA will identify areas of sales and use tax overpayments and will document these areas with the appropriate references and explanations. We will review the most convenient records first, and then expand our review to include all open periods as warranted. Once we have identified a possible refund opportunity we will follow the proper procedures to validate the claim and insure that no previous credits or refunds were given on any of the issues we identify.

SMART TAX USA will take full responsibility and secure all documentation necessary to obtain the refunds from the State and /or vendors as appropriate including necessary follow-up submissions and meetings. This will involve several recovery methods to include filing a claim for refund directly with the vendors. It is our goal to keep a positive vendor relation between the vendor and your company. Secondly we will also file refund request directly with the appropriate taxing authority. Please keep in mind no refund will be sought without your approval.

Initial Review and Assessment

- More than 5,000 U.S. jurisdictions have changed their sales and use tax legislation in the last decade
- State Courts are constantly interpreting sales tax laws and regulations
- Many states are coping with large budget deficits

Initial review will be performed without any interruption to your staff!

Our mission is to deliver the highest quality audit services that consistently exceed our customers' expectations and our competitors' capabilities.

*It is **SMART TAX USA's** commitment to provide our clients with the most valuable service with focus on client relations.*

Additional Services Offered

- Accounts Payable Audits
- Duplicate Payment Audits
- Profit Recovery Audits
- Vendor Compliance Audits
- Profit Recovery
- Accounts Payable Loss Recovery
- Utility Audits
- Vendor File Cleansing
- Off-Site Recovery Audits
- Sales and Use Tax Audits
- Sales Tax Audit Defense



How it works.

Sales and Use reverse audits are generally performed externally because most companies do not have the time or the resources to devote to such a project. Why use **SMART TAX USA**? We act as an extension of your tax department. We devote our time, energy and expertise to identifying and recovering overpayments so you don't have to. Our Sales and Use Tax Review will result in maximum tax savings for your company. We will provide you with quality reports that document our findings in a clear and concise manner so that you understand what we have done and what issues to look for in the future. Our Sales and Use Tax Review has been employed in numerous facilities throughout the United States. Our commitment is to consistently maintain the highest level of quality in the services we provide to our clients.

1. **SMART TAX USA** will spend two to three days making a preliminary determination of the sales and use tax refund potential. This will involve reviewing the current year of accounts payable and related sales tax accrual procedures for each location. Some other records may be necessary as the review progresses.
2. **SMART TAX USA** will discuss our preliminary findings with the appropriate personnel and decide the best course of action from that point forward.

The Duplicate Payment Review

There are three distinct stages to the duplicate payment review following the agreement of the terms of engagement.

1. Data Collection

We will provide you with a wish list of the data fields required and the fields to be extracted.

Our technical staff will be pleased to assist you in data aggregation which we anticipate will take no more than two or three hours.

Data can be provided to us by a variety of secure methods including CSV, d-Base, Excel, Word, Access and print file.

2. Data Interrogation, Production of Preliminary Reports and Verification

The data analysis will be undertaken off-site and, therefore, there is no possibility of data corruption or system access issues.

We produce preliminary reports analyzing the duplicates identified along with suggestions to reduce/eliminate future occurrences.

We will also obtain the necessary evidence of the duplicate payments i.e. copy invoices.

3. Recovery

Our team includes experienced staff who will liaise with your suppliers to sensitively recover duplicate payments. We would ordinarily operate as a division of your organization i.e. internal audit, purchase audit etc. maximizing responses and recoveries on your behalf. At all times we will ensure your relationship with suppliers is not disturbed.

After three months, a round-up review will be undertaken to consider reasons for any significant duplicate payments which have not been recovered.

Thereafter, we will produce a final report summarizing our findings, including duplicate payments identified and recovered, together with other useful data to provide you with other cost-cutting opportunities.





Sample Client List

| | |
|--|---------------------------------|
| <i>Age Refining, Inc.</i> | <i>Cintas</i> |
| <i>Alamo Steel Company</i> | <i>Pioneer Concrete</i> |
| <i>American Leather, Inc.</i> | <i>The Fordyce Co</i> |
| <i>Anchor West, Inc.</i> | <i>Kaspar Wire Works, Inc</i> |
| <i>Cemex . USA</i> | <i>Western Extrusions Corp</i> |
| <i>Chevron Chemical</i> | <i>Con Agra</i> |
| <i>Commercial Metals</i> | <i>Mansfield plumbing</i> |
| <i>Dixon Ticonderoga Co</i> | <i>International Home Foods</i> |
| <i>International Cellulose Corp</i> | <i>J&B Bar Foods</i> |
| <i>J& L Tank Company</i> | <i>Hampshire Chemical Corp</i> |
| <i>National Envelop</i> | <i>Brockway Standard</i> |
| <i>Occidental Chem</i> | <i>Ennis Steel</i> |
| <i>Ogleby Norton Industrial Sands Co</i> | <i>Hanson US Brick</i> |
| <i>Palm Harbor Homes, Inc.</i> | <i>Trail Master Corp</i> |
| <i>Perry Equipment</i> | <i>Meridian Co</i> |
| <i>Southwest Chemical Services, Inc.</i> | <i>MA Hanna Color</i> |
| <i>Standard Gypsum</i> | <i>Harland Clarke</i> |
| <i>Taylor Publishing</i> | <i>Franklin Minerals</i> |
| <i>Texas Fuel & Asphalt Co, Inc.</i> | <i>Coca-Cola</i> |
| <i>Vistawall Architectural Products</i> | <i>Anthony Forest Products</i> |

SMART TAX USA Achievements

Actual Examples of Client Cases

- ❖ Over \$4,000,000 of overpaid and/or over-assessed taxes has been filed in just the last two years due to our efforts.
- ❖ Successfully identified and filed over \$15,000,000 in sales tax refunds for Aggregate Companies.
- ❖ Reviewed the activities of a chemical company after a sales tax audit was completed and recovered over \$500,000 in refunds.
- ❖ Reversed a \$60,000 sales tax audit into a refund.
- ❖ Performed a reverse sales tax audit for a large manufacturing company as a follow-up to a prior audit done by one of the national firms and we were successful in identifying over \$100,000 in additional refunds and savings.
- ❖ Utilized a variety of Hearings and letter rulings to weave a successful argument to reduce sales taxes for many different companies in various industries resulting in refunds.
- ❖ Reduced the \$100,000 sales tax audit of a large fiberglass company to a total audit of \$8,000 by researching the auditor's findings.



SMART TAX USA will perform the refund identification with as little of you or your staff's time as possible.



Sales and Use Tax Seminars

Included in our service **SMART TAX USA** will provide a seminar to detail and explain all relevant tax laws and procedures to any and all employees you would like to have in attendance. The main focus of this seminar will be to provide the necessary information, on a go-forward basis, to correct any mistakes made prior to the review.

Included as part of our commitment to you, **SMART TAX USA** will also bring to your attention items (if any exist) we identify where your company may owe taxes due to underpayments. We will discuss correcting them on a go forward basis so that your company will be in complete compliance.

We will also look for duplicate payments within the accounts payable records using our advanced technology to recover hidden profits. This will be achieved by reviewing your accounts payable data to look for duplicate payments and/or overpayments and missed discounts

Here is what the business press wrote about Tax Recovery Firms:

"Tax recovery firms scour their clients records looking for problem areas, things that don't add up or were just overlooked. Then they try to recover the missing over paid funds, creating a veritable gold mine for customers"



"Accounts-payable errors-whether by man or machine-directly affect the bottom line"

THE WALL STREET JOURNAL.

"Billions of dollars are recovered every year from accounting firms across the USA. Companies cannot afford to disregard accounting errors"

--USA TODAY Money

FREQUENTLY ASKED QUESTIONS

Proven Expertise, Substantial Recoveries

Why do we need an accounts payable or sales tax audit?

How much do you generally recover from payment errors?

What types of payment errors do your audits identify?

What is the time investment required from our staff?

What is the cost of your service?

What about Confidentiality?

Why do we need an accounts payable or sales tax audit?

Payment errors are very common. Your staff manages multiple, local, and possibly national suppliers. Weaknesses in systems, changes in staff, overlooked credit memos, discounts not taken, and ever-changing tax laws lead to payment uncertainties. Only a specialist - motivated by recoveries and armed with knowledge and tools - can identify and recover substantial lost revenue.

How much do you generally recover from payment errors?

Overpayments will vary depending on company and factors within the company being reviewed. Typically a company with an annual gross revenue of a minimum of \$25-million should expect a refund of anywhere from \$30,000 to 70,000 in recovery.

What types of payment errors do your audits identify?

SMART TAX USA routinely identifies and recovers Duplicate Payments, Sales and Use Tax Exemptions not Taken, Missed Discounts, Payments to Wrong Vendors, Missed Vendor Credits, Pricing Errors, Deposits or Prepayments not Deducted from Final Billings and Misinterpretation of Contract terms.

What is the time investment required from our staff?

The only time investment is approximately 2-3 hours at the max of your time and in some cases even less. Once on-site our audit team just asks for a brief orientation to systems and files, and then our auditors work independently, with no disruption to your operation.

What is the cost of your services?

We provide our services on a contingency fee basis. We get paid only once funds are recovered and deposited to your account, or once a vendor's authorized credit memo has been applied to your account. If we do not recover any overpayments, no fees are due. You will receive a final report of your Accounts Payable payment processing operation.

What about Confidentiality?

SMART TAX USA respects any limitations you may put on classified documents and information. As professionals, we guarantee absolute confidentiality of all your business records.

Contingency Fee Structures

The contingency fee will be discussed and agreed upon prior to start of project. The review will be performed risk free to your company such as if we are unable to find and recover refunds and/or credits for your company there will be no charge. This type of arrangement protects you from paying for time spent without the desired results since no fees are due until a refund or credit is received. **SMART TAX USA** will also incur all expenses to recover refunds from the State and or vendors involved.

SMART TAX USA will stand behind any refunds and or credits given. No questions asked!

No refund? No fees!

On the following Attachment, please find a copy of our Contingency Agreement tailored specifically for your company.



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