



## STATE & LOCAL TAX SERVICES

Businesses operating in multiple states must navigate and comply with a variety of state and local taxes imposed on legal entities, their owners, and transactions of products and services. Each state has unique tax rules and underlying theories, and the application of these rules often results in distinctly different tax liabilities based on slight differences in the facts of a business or transaction. The total annual cost of state and local taxes materially impacts cash flow, effective tax rate and earnings per share; and this cost is increasing. How can your company not only comply with the array of state and local taxes, but also properly manage these liabilities?

At Frazier & Deeter, our tax specialists are experienced in the nuances of state and local taxation, and take a proactive approach in guiding clients via our multi-state tax compliance and planning services. The proactive management of state and local tax costs typically yields substantial savings over time and limits exposure. Businesses that are both tax-efficient and compliant are rewarded, a system which is consistent with Frazier & Deeter's overall objective of helping your business succeed.

The pace of change in the state tax world has increased in recent years, thereby altering the landscape in which businesses operate and creating both opportunities and pitfalls. As examples of these changes, states are:

- Expansively defining taxpayers and taxable transactions,
- Increasingly imposing entity-level taxes and withholding obligations on traditionally pass-through entities,
- Enacting gross receipts and gross margin taxes that are owed regardless of whether there is net income and requiring unitary combined reporting, and
- Heavily-weighting the sales apportionment factor.

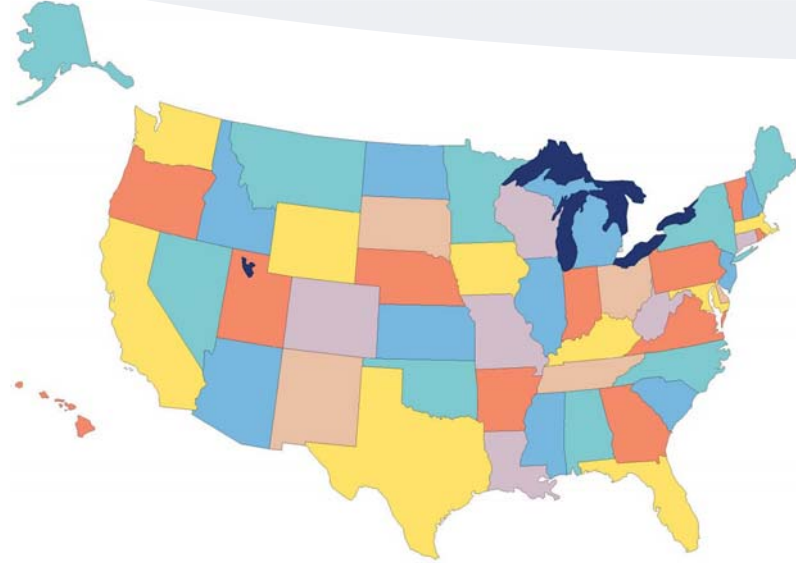
In response, the state and local tax services provided by Frazier & Deeter are in touch with this changing landscape to provide our clients with services that are timely, needed and valuable.

### Key Frazier & Deeter State and Local Tax Services

#### Tax Return Preparation

The core of the state tax process is the quality preparation of state tax returns for legal entities and individuals by our experienced tax professionals. Experience makes all the difference.

Watching over your future.



For more information about our local and state tax services, please visit [www.frazierdeeter.com](http://www.frazierdeeter.com)

or call 404.253.7500.

#### Credits

Many states, including Georgia, have expanded and extended a wide variety of tax credits designed to encourage certain business activity, such as new jobs and investment, within their borders. These credits can be lucrative, when applied to the right facts, to substantially reduce or eliminate income tax and other taxes. Credit should also be taken full advantage of on both original and amended returns.

#### Refunds Analysis and Claims

With cash always being king, revisiting state tax returns for prior years that are still open under the state's three or four-year statute of limitation could reveal refund claims for which amended returns should be filed. Given unique rules in different states and the state tax knowledge of Frazier & Deeter's tax professionals, refund claims are not uncommon and represent a good source of cash.

#### Sales and Use Taxes

In the sales and use tax area, states are asserting nexus through affiliated and non-affiliated parties, expanding their lists of taxable services, and aggressively limiting exemptions. As a tax imposed on gross receipts, exposure can build quickly, and liability can accrue to both a seller and purchaser as well as to an acquirer of a business with unpaid tax.



**FRAZIER & DEETER, LLC**  
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

### **Audit Defense**

With state budgets under increasing pressure, states have expanded their audit activity for both existing taxpayers and potential new taxpayers. However, there are often protective actions that can be taken either in advance, or in the early stages, of an audit such as identifying any refund items for use as an audit offset. Properly defending a proposed state tax audit adjustment or assessment requires in-depth understanding of the technical state tax issues, as well as procedural rules.

### **Voluntary Disclosure Agreements**

Voluntary Disclosure Agreements (VDA) with states represent a useful process to cure any exposure for a more limited number of prior years without penalties. Given that states are expanding their definition of “taxpayer,” the FIN 48 inclusion of the decision not to file a state income tax return as a “tax position,” and for many other reasons, VDAs are a primary tool to limit exposure for prior years.

### **FIN 48 Analysis for State Income Taxes**

FIN 48 revamps the way in which state income tax positions are booked and measured. The identification of state income tax positions, whether the more-likely-than-not threshold should be met, and if so, what value should be assigned to the state income tax position are exercises for which state and local income tax experience is required.

### **Planning and Implementation**

State tax planning encompasses taking advantage of beneficial rules that clearly apply to current facts and modifying the facts (with complete implementation) to fit squarely within one or more beneficial rules or to limit the impact of non-beneficial rules. Planning is also important prior to any dispositions or acquisitions.

### **Evaluation of Current Posture**

Not sure where your company stands with respect to state and local taxes? Our experienced team of tax professionals will evaluate your company’s current state and local tax posture and make recommendations regarding areas of focus.

## **Frazier & Deeter’s State and Local Tax Services**

Tax return preparation  
Credits  
Refunds analysis and claims  
Sales and use tax  
Audit defense  
Voluntary disclosure agreements  
FIN 48 analysis for state income taxes  
Planning and implementation  
Evaluation of current posture

**For more information about our local and state tax services, please visit [www.frazierdeeter.com](http://www.frazierdeeter.com).**