

# Audit Defense & Payment Arrangements

## Constructing a Sound Sales Tax Defense

Davis & Davis LLC constructs a sales tax defense to resolve an audit that lingered over 12-months

RMI Construction Inc.. is a commercial and residential marble contractor based in Irving, TX which serves the DFW metroplex area. Annual sales average of \$1,500,000 over the 4 years of the audit period. The company's clientele includes restaurants, supermarket chains, gas station outlets, and residences. The company was selected for a routine Texas sales/use tax audit and chose their CPA firm to handle the audit.

### Challenge

- RMI had been assessed more than \$500,000 including penalties and interest during the Texas sales tax audit.
- The taxpayer CPA engaged Davis & Davis to represent RMI and to effectively defend them during audit and redetermination phase of the sales tax audit.

The auditor was not sympathetic when asked to give more time after the audit had gone on for a year prior to Davis & Davis being engaged to assist RMI with the outstanding audit issues.

### Solution

Davis & Davis requested more time from the Texas Comptroller's Office in order to prepare a proper defense.

Davis & Davis performed a thorough review of the records in question by the auditor to determine a legal basis to remove transactions from the audit.

Davis & Davis researched case law, letters, and rulings to support our finding for removing errors from the audit.

### Results

**Davis & Davis successfully reduced the audit down to approximately \$42,000** including penalties and interest.

Davis & Davis was successful in getting more time to prepare a proper defense for RMI.

Within one month of being engaged, Davis & Davis had successfully reduced the audit by 75%.

Due to the fact that the audit had lingered over a year prior to Davis & Davis being engaged, the audit was escalated to the hearings phase.

During the hearings phase Davis & Davis was successful in reducing the audit by an additional 15%.

Davis & Davis successfully negotiated a 3-year payment plan to afford RMI more time to pay-off the remaining balance.

### AUDIT DEFENSE

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### PAYMENT

#### ARRANGEMENTS

Davis & Davis successfully negotiated a 3-year payment plan to afford RMI more time to pay-off the remaining balance.

**Davis & Davis LLC**  
*sales tax consultants*