

AAA Team Sales Tax, LLC

9/21/22

Nevada Tax Commission
1550 College Parkway, Suite 115
Carson City, NV 89706

Subject: Why So Many Petitions or Request for Hearings? (A great opportunity for a Technical Bulletin)

Hello Commissioners, the answer is Audit Quality! I will breakdown Audit Quality into three areas: audit section, audit approach, and audit appeal.

The Audit Manager has an obsession with auditing small bakery businesses, small ice custard businesses, small ice cream businesses, small Asian restaurants, and small personal chef businesses. His goal is to try to change the definition of "Prepared food for immediate consumption" as stated in Nevada Revised Statue (NRS) 372.284 through a favorable decision by the Hearing Officer. Fortunately, the Audit Manager desired wish has been kept at bay by the Hearing Officer when given the chance. How about those small businesses that could not afford the time or spend the money for a defense? I will lay odds that the Audit Manager cannot explain to you how audits are selected. As the Audit Committee (corporate world term), you have the right to know. The Pubic (stakeholders) has a right to know. **Commissioner Lipman**, since you worked for a major international CPA firm, I would think you are familiar with an Audit Committee.

What do I mean by Audit Approach? I represent a client who has a personal chef business. In an effort to help Revenue, the client asked for an audit to be completed. An Authorization to Audit statue is sent by Audit which in essence accuses my client of wrong-doing. What the heck! In the audit conformation, a demand for a lot of records before even taking the time to discuss the business environment. The Nevada Taxpayer Bill of Rights states "The audit will be completed with the least amount of information needed". The audit confirmation demands that a 15-day notice be given before changing the audit start date. I don't know of any Nevada Revised Statue (NRS) that supports that demand. The Nevada Taxpayer Bill of Rights states "The audit will be completed with the least interruption to the regular working schedule of the business. Commissioners, "Is this any way to introduce yourself to a taxpayer?". I think we all can agree "No". Although Audit Management was cc on each of the emails sent by the auditor or myself, not once have they tried to take a proactive approach by replying. I compare their management style with a sports tactic called "Running Out the Clock". It now has been two months and I am still waiting on an answer to the following question "How does a taxpayer appeal their decision to not include no money (aka non paid) filed sales and use tax returns that are older than three years in the audit period?" Is that any way to support your auditor who is taking all these questions or more importantly lose an opportunity to educate the public? The Audit Manager and his two Lieutenants at the Warm Springs Office have fostered an attitude to their staff that the public works for them. This attitude may be due to their lack of actual audit experience (Auditor II or similar position) where you work directly with the public. I will say the auditor has done a good job when you consider the lack of management support.

Again, "Running Out the Clock" tactic is used during the appeal process of an audit. They tell the public that a Petition for Redetermination has to be submitted before you have the option to submit a Request for Hearing. This is not true. Nevada Revised Statue (NRS) 360.365 states a Petition for Redetermination is submitted only if a Request for Oral Hearing is not requested". With all the confusion caused by this misinformation, the taxpayer ends up losing the right to appeal at first and then has to go through a long process to regain it. Now, Commissioners, "Is that any way to run an appeal process?" I think we can all agree "No". Thank You and Be Safe!

Ron Voigt