CHOOSE CRI.

PROVEN TRACK RECORD | INDUSTRY-SPECIFIC SALT EXPERTISE | MULTISTATE KNOWLEDGE

A company with multistate sales and/or operations is often subject to many state and local taxes (SALT), notably income and franchise tax, sales and use tax, real estate tax, and personal property tax. In some industries, other taxes – including escheat (i.e., unclaimed property), State Unemployment Tax Act (SUTA), severance, gross receipts, federal excise, and others – may also be of significant concern. These taxes could considerably affect a company's:

- **Tax liability**. State income tax expense may be the most malleable portion of a company's effective tax rate – and the best opportunity for reducing percentage points. The total of all other state taxes, which are taken as ordinary business expenses, can be a significant expense.
- **Compliance.** Internal controls may necessitate robust state tax compliance policies, procedures, and software.
- **Audit exposure.** Failure to identify and comply with state tax laws, or create an appropriate reserve, may result in high taxes, interest fees, and penalties from a state-imposed audit.

3 REASONS WHY CRI SHOULD BE YOUR SALT ADVISOR

CRI HAS A PROVEN TRACK RECORD of successful state and local tax planning, which can optimize your state tax liability, help ensure appropriate regulatory compliance, and mitigate audit exposure risk.

CRI DERIVES STATE TAX EXPERTISE FROM PARTNERS who have extensive state-specific and multistate knowledge and serve on state technical advisory boards.

CRI IS WELL-VERSED IN THE SALT IMPACT ON SPECIFIC INDUSTRIES with partners who specialize in construction, financial institutions, healthcare, insurance, manufacturing, retail, and professional services.

WHAT ARE THE MOST COMMON SALT CONCERNS?

Income tax apportionment is too high. Understanding the nuances of apportionment rules in a company's home state – plus the significant differences between states – takes considerable time. As a result, many companies use an apportionment methodology that seems initially fair. However, they may eventually realize that they have either over-apportioned their income or, worse, overstated apportionment in one state and underreported it in another state.

A company's entity structure does not take advantage of state tax opportunities. Often, a company will combine multiple aspects of its product(s) and/or multistate operations into a single entity. This configuration may not account for the different apportionment and filing methodologies in each state, much to the company's financial detriment.

A company significantly overpays invoiced sales tax and/or the self-remitted use tax. It requires a system of considerable capability to capture the numerous exceptions to and exemptions from sales and use tax. In the absence of such a system, companies in industries that make significant non-inventory purchases often overpay sales tax on invoices because vendors take uniform positions without regard for unique circumstances. Additionally, they may over-remit use tax because they lack adequate employee training and/or internal controls.

A company is not collecting sales tax from its customers. Given the complexity of both nexus rules and sales and use tax requirements, a vendor may not charge customers sales tax when appropriate. Often, a company is surprised after an audit reveals that the business has nexus in a state, a product that is not tax-exempt, and/or unsatisfactory procedures for collecting exemption certificates. Since retroactively charging customers sales tax is clearly undesirable, a company's failure to properly collect sales tax (which averages around 8%) may result in a long-term, negative impact to its profit margins.