



CORPORATE TAX AUDIT OF LARGE RETAILER UNCOVERS \$6 MILLION IN UNDERPAID TAXES

DESCRIPTION

The audit subject is a Fortune 100 retailer with a significant online presence and nationwide distribution centers. The company earns over \$100 billion in annual revenue.

ISSUE

ARR's leadership team approached a Client State's Department of Revenue about the potential under apportionment of the company's corporate income tax. While the State's internal auditors had previously reviewed the company's return and indicated any underpayment was nominal, the State agreed to an additional examination of the records of the company to determine its compliance with corporate income tax and gross receipts.

APPROACH AND SOLUTION

Our team immediately pulled tax filings and engaged with the retailer to ascertain the methodology the company used to apportion revenue to the State. It was discovered that as the retailer had distribution centers within the state, not all online sales shipped to state addresses were captured, nor were out of state shipments originating from the state, leading to the underreporting of state taxes.

RESULT

Our team facilitated negotiations between the state and the retailer to bring the examination to an expedient and mutually agreeable conclusion resulting in the successful recovery of over \$6 million in additional tax revenue for the state.

A
95%

INCREASE OVER
THE STATE'S
ORIGINAL AUDIT
FINDINGS

