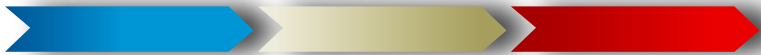
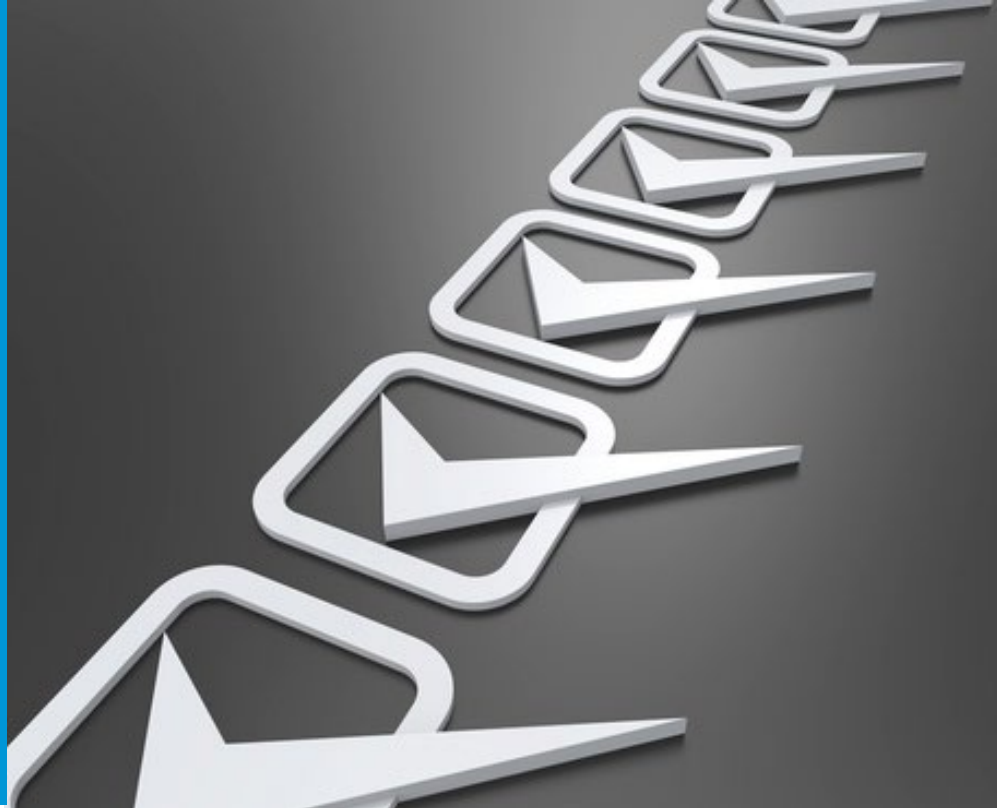


A CHECKLIST TO PREPARE FOR YOUR NEXT STATE TAX AUDIT



DON'T MAKE THE SAME MISTAKES TWICE



TEXAS TAX GROUP

OUR TEAM OF FORMER TEXAS COMPTROLLER
STATE TAX AUDITORS IS YOUR BEST DEFENSE

If your last Texas Comptroller state tax audit resulted in a tax liability of \$10,000 or more, you will be subject to another state tax audit in three to four years. For many business owners this can come as a complete shock—particularly if the next audit is followed by another crippling tax bill.

If you want to avoid falling into the same trap twice, the time to prepare is NOW.



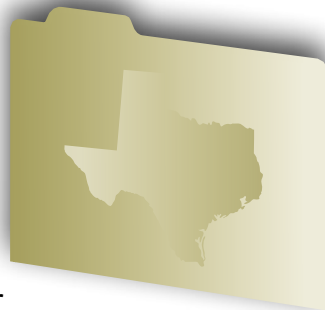
This checklist will help you get started.

IDENTIFY APPLICABLE TAX RULES, CODES, AND LETTER RULINGS

To gain better insight into your specific state tax situation, an understanding of the Texas tax laws applicable to your business is a must. Tax authorities include, but are not limited to:

- Texas Statutes
- Letter Rulings
- Administrative Hearing Decisions
- District Court Decisions
- Attorney General Opinions

Identify what taxes and laws apply to your business's products and services and implement accordingly.



To begin to familiarize yourself with the current state tax rules, visit:
<http://comptroller.texas.gov/>
and
<http://cpastar2.cpa.state.tx.us/>

UNDERSTAND POSSIBLE ACCOUNTING ERRORS

Your auditor has no legal obligation to explain the accounting errors you made during your audit period. If you are unsure of where or how to get started, seek an outside opinion. Ensure that your case has been thoroughly reviewed by a tax expert to avoid any and all future mistakes.



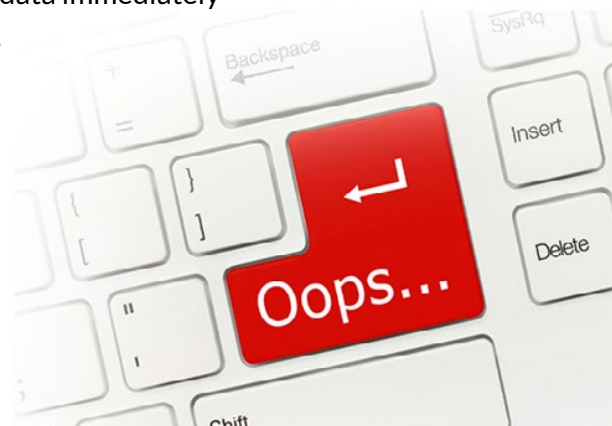
According to the Texas Taxpayer Bill of Rights: You have the right to representation. If you are overwhelmed by the audit process, seek representation to assist you at any step the process.

ADJUST YOUR ACCOUNTING SYSTEM

Often, businesses make mistakes in their accounting systems that the Comptroller will penalize. Even the smallest changes in your accounting system can have a big impact the next time your audit comes around. Once you have identified your errors, address all issues in your QuickBooks or other accounting system.

Common accounting improvements include :

- Correcting mathematical typos
- Utilizing reporting tools to identify issues
- Entering financial data immediately
- Retaining receipts

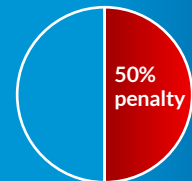


IMPROVE DOCUMENTATION AND RECORD KEEPING

Keeping good records is crucial to ensuring a fair and accurate audit. Without sufficient documentation, your auditor can estimate what you should have collected and remitted to the Texas Comptroller. Not only can this result in a tax liability higher than what you actually owe, the Texas Comptroller may also add penalties and interest. So treat your contracts, invoices and proposals as key evidence for your next state tax audit.



The consequences of poor record keeping could result in a fraud charge—a 50% penalty to your next audit!

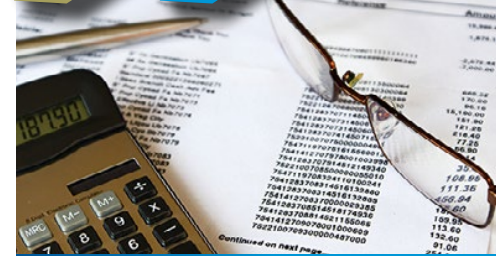


ENSURE CLEAR LANGUAGE

In many cases, an auditor will inaccurately tax a business based on unclear product or service descriptions. Anything left to interpretation can and often does result in incorrect tax assessments. Verify that your business explains your product(s) and/or service offerings in clear, precise writing to avoid any misinterpretation.

Clear language is important on all:

- Web site pages
- Invoices
- Brochures
- Quotes
- Contracts
- Proposals



FORMER STATE TAX AUDITORS ARE HERE TO HELP

Texas Tax Group is a team of 15+ former State Tax Auditors, Supervisors and Tax Policy Experts with offices in Houston, Dallas, San Antonio and Austin. In the past 10 years, we have helped over 2000 businesses.

If your state tax audit is over and you still have questions, then call us today at **1-855-892-8348 (855-TX-AUDIT)** for a free 20-minute consultation regarding our State Tax Review and Private Letter Ruling state tax consulting services.



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