

SALT: Income/Franchise

Nexus Reviews & Voluntary Disclosures

State Filing Obligations Can be a Headache for Many Companies

Most companies are aware they must register and file tax returns in every state a physical location exists. However, did you know filing obligations may exist even when your business is not physically located in the state? States are constantly amending their laws to capture more revenue and are creating new, inventive nexus provisions. As a result, physical presence may not be the only factor that establishes nexus, leaving some companies unsure of their nexus standing in states where they do business. How can you be sure your company is meeting all its state filing obligations?

Our SALT Services group works with companies like yours to determine where they have nexus and corresponding filing obligations. We successfully negotiate and secure voluntary disclosure agreements on your behalf, reducing and eliminating any outstanding liability. Alternatively, we arm you with the legal authority to defend against aggressive states when the need arises.

Cherry Bekaert Can Identify Where You are "Doing Business"

Nexus Review and Determination

Cherry Bekaert's nexus evaluation services will determine where your company actually has nexus and the relevant state tax filing obligations. We will identify nexus concerns and protections available and will assist you in quantifying and rectifying any potential state tax exposure, providing comfort that your state tax issues are in good hands.

Voluntary Disclosure Agreements ("VDAs")

Most states offer VDAs to encourage companies to comply with a state's laws, thereby generating revenue that the state may never have captured without voluntary compliance. States also generate future revenue by requiring, as part of the VDA process, that a company register in their state to collect and/or remit taxes going forward. Cherry Bekaert is

experienced in negotiating favorable terms for multistate businesses, while finalizing any outstanding liability or compliance issues in a given state.

State Amnesty Programs

The terms of amnesty programs vary by state, but generally offer some form of forgiveness of penalties and interest if taxpayers come forward to disclose liabilities. States can, however, impose a longer or unlimited look-back period under amnesty programs, and have even penalized companies who do not come forward during the amnesty program.

Despite the complexities and risks of multistate exposure and compliance, Cherry Bekaert is adept at assessing nexus and recommending the best approach for dealing with any outstanding state liability. Our SALT team has an accomplished and successful record in nexus and VDA/ amnesty endeavors.

Nexus Review & VDA or Amnesty Consulting For the Following Tax Types:

- ▶ Income, Franchise & Gross Receipts Taxes
- ▶ Sales & Use Taxes
- ▶ Payroll & Withholding Taxes
- ▶ Property Taxes

Cherry Bekaert offers:

- ▶ Limitation of the prior look-back period
- ▶ Reduction of overall tax liability
- ▶ Abatement of penalties
- ▶ Full or partial interest abatement (or lower interest rate)
- ▶ Clarification regarding future reporting methods
- ▶ Friendlier audit for VDA period
- ▶ Closure of prior periods
- ▶ Protection for potential buyers from prior ownership's liability
- ▶ Anonymity by using a representative
- ▶ Resolution of unrecorded liability issues
- ▶ Reduction in risk of multi-jurisdiction information sharing
- ▶ Registration in states with nexus
- ▶ Comfort that state tax nexus issues have been addressed and favorably resolved

Let us be your guide forward



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