

# State and Local Tax



## PricewaterhouseCoopers' State and Local Tax Practice

Today's state tax environment presents businesses with increasingly complex and demanding challenges. To successfully operate in this setting, it is critical that organizations fully understand the backdrop in which they operate, effectively address their tax and tax accounting requirements, and properly comply with the myriad of state and local statutory and regulatory responsibilities.

The PricewaterhouseCoopers State and Local Tax (SALT) practice is dedicated to helping its clients assess their state and local tax burden by recommending solutions that support their overall business objectives and provide support so that their filing positions are consistent with good business practices and with the states' applicable tax laws and rules.

Our practice is structured as a true national network of well respected state and local tax professionals, including many former key state officials. As a national network, we assign SALT professionals best suited to address our clients' needs, without regard to geographic barriers.

Whether you're undergoing a complicated business restructuring, grappling with the adoption of FASB Interpretation No. 48 or interested in advice on day-to-day developments, our SALT practice is well suited to address your state and local tax needs.

## Areas of Expertise

### Income Taxes/Accounting for Uncertainty

As states continue to change their income tax filing requirements, businesses must stay abreast of and comply with these evolving standards. PricewaterhouseCoopers assists a broad range of companies on income tax matters, including nexus determinations, tax shelter reporting rules, tax controversies, voluntary disclosures, and add-back safe harbors. We also assist businesses in complying with FASB Interpretation No. 48 by providing advice with regard to the different aspects of identifying, recognizing, measuring and disclosing uncertain tax positions for financial reporting purposes. Our tools allow our professionals to accurately and efficiently assist companies to meet their FIN 48 tax accounting requirements.

### Gross Receipts Taxes

The past couple of years have brought about radical legislative changes to the Ohio and Texas taxing systems. Our SALT professionals have developed a strong understanding of the issues associated with these changes and stay abreast of continuing developments in states that are considering adoption of a gross receipts tax base. Whether you want to

explore the impact of the many complex transitional provisions, require help with compliance related reporting issues, or wish to get involved in the tax policy debate over gross receipts taxes, we have the skills and resources to assist your business.

### Net Worth Taxes

Our professionals address the subtleties in states' specific rules regarding calculation of the tax base and explore opportunities to employ approved alternative methods of valuing a company's capital stock or net worth.

### Sales and Use Taxes

Over the past decade, states have been increasingly aggressive in asserting affiliate nexus, despite the opposing business perspective. And today, the debate continues. Our Sales and Use Tax practice is directly involved in the current national initiatives regarding nexus rules. Additionally, we have extensive experience working on sales and use tax audits and examining sales and use tax exclusions and exemptions to determine the full extent of their reach.

### Employment Taxes

Our Employment Tax practice assists companies with identifying strengths and weakness in their payroll processes and works with them to reduce risks and costs, and improve accountability. Whether you are undergoing business reorganization or are in need of assistance with developing strategies that provide appropriate allowable employment tax benefits consistent with state tax policies—we have the experience to meet your employment tax needs.

### Credits and Incentives

Our Credits and Incentives Solutions practice assists companies in reducing investment costs by advising them on unlocking and securing favorable incentives packages. We also help identify tax and non-tax savings opportunities for past investments, job creation, research, training and other qualified expenditures.

### Abandoned and Unclaimed Property

We assist companies in identifying and quantifying property subject to states' escheat provisions. Our Abandoned and Unclaimed Property practice professionals have well-established relationships with legal counsel who work in this area and who have experience interpreting the unclaimed property statutes.

## Key Service Offerings

Some of our key service offerings include:

### Controversy

Our national State Income/Franchise Audit Defense Team works as an extension of the client's in-house tax department to: facilitate involvement in voluntary disclosure programs with the states, reduce corporation income and franchise tax audit assessments, identify potential overpayments of tax that may be refunded, close existing audits, suggest corrective measures to prevent future controversy and identify favorable filing positions for subsequent tax filings. The National Audit Defense Team is comprised of seasoned practitioners throughout the U.S., many of whom held high-level income/franchise tax positions within state tax governments. These individuals possess a unique knowledge of audit procedures and unwritten policies that can be a tremendous asset when properly utilized.

### Reverse Income Tax Audit (RITA)

A Reverse Income Tax Audit or RITA is a formalized process that identifies significant refund claims and develops sustainable filing positions for the future. Most state laws present both traps and opportunities for multistate taxpayers. Proper application of state tax codes' subtle variations may result in a major tax impact. PwC's RITA team is highly qualified to identify refund opportunities and to solve disputes that may arise with the states' taxing authorities. The RITA team consists of recognized technical professionals many of whom were formerly with state tax departments, industry and law firms.

### State Tax Provision Services (STPS)

Our SALT professionals can assist taxpayers in identifying their relevant state tax issues and evaluating the potential impact on their tax accounts and related financial reporting disclosures. In addition to the tax regulatory authorities' increased focus, the SEC, external auditors, audit committees and shareholders are demanding effective disclosures, including those involving state tax issues. Many states have disclosure requirements and respective penalties for noncompliance with applicable state tax laws and policies. These matters require far more documentation and discipline, due to the heightened financial statement, disclosure and controls expectations. STPS professionals also provide taxpayers with a better understanding of the latest state tax developments and how they may impact their state tax provision and accounts.

### Multistate Tax Credit Review

To stimulate local economies, state and local governments are constantly increasing the diversity of cost-savings opportunities offered to companies that conduct or will conduct business in their regions. These cost-savings opportunities, including tax credits for new investments and new jobs, grants for the training of employees, and various abatements and exemptions, can positively impact a company's ability to finance an expansion, offset start-up and ongoing operational costs, or provide job training. Each state has numerous credits and incentives programs available to businesses. A Multistate Tax Credit Review is designed to identify, quantify and obtain

the statutory cost-savings opportunities to which a company is entitled.

## Benefits of Working with Us:

### myStateTaxOffice.com

We offer clients and friends complimentary analyses of regulatory, legislative, and judicial tax developments at the state and local levels that can be accessed via [www.myStateTaxOffice.com](http://www.myStateTaxOffice.com). Our weekly e-mails provide updates on recent and noteworthy state and local tax developments.

### National Practice

Our national network allows us to communicate effectively and efficiently with our counterparts throughout the country, in order to provide resources that can assist with your state and local tax needs.

### Experience

Our seasoned practitioners have experience across multiple industries and jurisdictions. Our professionals include former heads of Economic Development Offices and high-level employees of Departments of Revenue—allowing us to provide deep insight and help in determining your state and local tax liability.

### Technology

Our sophisticated technology tools enable our professionals to provide companies with accurate and efficient advice and solutions.

For more information about the PwC SALT practice, please contact your local PwC partner or any of the following partners:

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