National Tax Recovery, LLC

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National Tax Recovery LLC (State & Local Tax Services)

State & Local Tax Refund Program identifies and recovers overpaid state and local taxes paid directly to the State through use taxes or tax paid to vendors.

State & Local Tax Audit Assistance Program helps clients to defend and lower their state tax audit assessment.

State & Local Tax Advisory Program helps clients develop and implement tax strategies that will make state and local taxes a controllable expense and explore every legitimate way to limit your tax obligation.

Income Tax Advisory Service gives clients the proper knowledge and expertise needed to interpret the complex and ever changing IRS regulations and laws.

National Tax Recovery, LLC

2080 North State Hwy. 360
Suite 140
Grand Prairie, Texas 75050

(972) 606-4848 (Office)
(972) 606-4859 (Fax)

www.ntrecoveryllc.com

IRS SUMMARIZES "DIRTY DOZEN" LIST OF TAX SCAMS FOR 2017

The Internal Revenue Service today announced the conclusion of its annual "Dirty Dozen" list of tax scams. The annual list highlights various schemes that taxpayers may encounter throughout the year, many of which peak during tax-filing season. Taxpayers need to guard against ploys to steal their personal information, scam them out of money or talk them into engaging in questionable behavior with their taxes.

Phishing: Taxpayers need to be on guard against fake emails or websites looking to steal personal information. The IRS will never initiate contact with taxpayers via email about a bill or refund. Don't click on one claiming to be from the IRS. Be wary of emails and websites that may be nothing more than scams to steal personal information. (IR-2017-15)

Phone Scams: Phone calls from criminals impersonating IRS agents remain an ongoing threat to taxpayers. The IRS has seen a surge of these phone scams in recent years as con artists threaten taxpayers with police arrest, deportation and license revocation, among other things. (IR-2017-19)

Identity Theft: Taxpayers need to watch out for identity theft especially around tax time. The IRS continues to aggressively pursue the criminals that file fraudulent returns using someone else's Social Security number. Though the agency is making progress on this front, taxpayers still need to be extremely cautious and do everything they can to avoid being victimized. (IR-2017-22)

Return Preparer Fraud: Be on the lookout for unscrupulous return preparers. The vast majority of tax professionals provide honest high-quality service. There are some dishonest preparers who set up shop each filing season to perpetrate refund fraud, identity theft and other scams that hurt taxpayers. (IR-2017-23)

Fake Charities: Be on guard against groups masquerading as charitable organizations to attract donations from unsuspecting contributors. Be wary of charities with names similar to familiar or nationally known organizations. Contributors should take a few extra minutes to ensure their hard-earned money goes to legitimate and currently eligible charities. IRS.gov has the tools taxpayers need to check out the status of charitable organizations. (IR-2017-25)

Inflated Refund Claims: Taxpayers should be on the lookout for anyone promising inflated refunds. Be wary of anyone who asks taxpayers to sign a blank return, promises a big refund before looking at their records or charges fees based on a percentage of the refund. Fraudsters use flyers, advertisements, phony storefronts and word of mouth via community groups where trust is high to find victims. (IR-2017-26)

Excessive Claims for Business Credits: Avoid improperly claiming the fuel tax credit, a tax benefit generally not available to most taxpayers. The credit is usually limited to off-highway business use, including use in farming. Taxpayers should also avoid misuse of the research credit. Improper claims often involve failures to participate in or substantiate qualified research activities and/or satisfy the requirements related to qualified research expenses. (IR-2017-27)

Falsely Padding Deductions on Returns: Taxpayers should avoid the temptation to falsely inflate deductions or expenses on their returns to pay less than what they owe or potentially receive larger refunds. Think twice before overstating deductions such as charitable contributions and business expenses or improperly claiming credits such as the Earned Income Tax Credit or Child Tax Credit. (IR-2017-28)

Falsifying Income to Claim Credits: Don't invent income to erroneously qualify for tax credits, such as the Earned Income Tax Credit. Taxpayers are sometimes talked into doing this by con artists. Taxpayers should file the most accurate return possible because they are legally responsible for what is on their return. This scam can lead to taxpayers facing large bills to pay back taxes, interest and penalties. In some cases, they may even face criminal prosecution. (IR-2017-29)

(continued on page 2)

"You manage things; you lead people"
~ Grace Murray Hopper, U.S. Navy Rear Admiral

RECENT TAX POLICY LETTER RULINGS & DECISIONS

(Continued from page 1)

Abusive Tax Shelters: Don't use abusive tax structures to avoid paying taxes. The IRS is committed to stopping complex tax avoidance schemes and the people who create and sell them. The vast majority of taxpayers pay their fair share, and everyone should be on the lookout for people peddling tax shelters that sound too good to be true. When in doubt, taxpayers should seek an independent opinion regarding complex products they are offered. (IR-2017-31)

Frivolous Tax Arguments: Don't use frivolous tax arguments to avoid paying tax. Promoters of frivolous schemes encourage taxpayers to make unreasonable and outlandish claims even though they have been repeatedly thrown out of court. While taxpayers have the right to contest their tax liabilities in court, no one has the right to disobey the law or disregard their responsibility to pay taxes. The penalty for filing a frivolous tax return is $5,000. (IR-2017-33)

Offshore Tax Avoidance: The recent string of successful enforcement actions against offshore tax cheats and the financial organizations that help them shows that it's a bad bet to hide money and income offshore. Taxpayers are best served by coming in voluntarily and getting caught up on their tax-filing responsibilities. The IRS offers the Offshore Voluntary Disclosure Program to enable people to catch up on their filing and tax obligations. (IR-2017-35)

https://www.irs.gov/uac/newsroom/irs-summarizes-dirty-dozen-list-of-tax-scams-for-2017

UTAH ~ Sales and Use Tax: Taxability of Items Purchased for Internet Company Data Center Discussed

An Internet company was considered a web search portal for Utah sales and use tax purposes and, therefore, would qualify for exemptions on purchases of numerous items used or installed at a data center campus the company intended to build in Utah.

A web search portal establishment is a unit of operations located in Utah, where qualifying activities are performed. The company's proposed campus would be in Utah, and its activities would involve maintaining an online social networking community platform where users share information and can search for information. Users would access the platform via Internet services provided by third parties.

Purchases of computer servers and miscellaneous components and of fiber optic infrastructure and network equipment by the company for the campus would be exempt because the items are machinery and equipment to be used in operating the web search portal and have an economic life of more than three years. Purchases of power equipment and infrastructure, backup generators, and electrical substations also would be exempt.

The power equipment directly provides the energy necessary to power the computer servers, fiber optic infrastructure, and network equipment, and has an economic life of more than three years. Purchases of fire suppression equipment and security equipment would not be exempt because these items would not be used in the operation of the web search portal.

http://news.cchgroup.com/2017/02/17/utah-sales-use-tax-taxability-items-purchased-internet-company-data-center-discussed/

MISSOURI ~ Sales and Use Tax: Out-of-State Telecommunications Company Failed to Qualify for "In Commerce" Exemption

The Missouri Supreme Court held that an out-of-state telecommunications company was not entitled to a refund of the difference between the Missouri sales tax it paid on its sales to Missouri residents and the use tax it believed it should have paid because it did not qualify for the "in commerce" sales tax exemption in §144.030.1, RSMo.

The taxpayer operated a telecommunications business with its headquarters in Florida, but owned no telecommunication facilities, such as cell towers. Instead, the taxpayer contracted with several telecommunications carries in Missouri to buy access to their telecommunication facilities and services. It then sold prepaid access to what it called its "virtual network," which was actually the networks of the contracted carriers, in packages consisting of either a set number of minutes or unlimited minutes for a set period of time. The taxpayer referred to these packages as "Airtime." The taxpayer's services could only be accessed through use of its handsets, which the taxpayer also sold to its customers. All orders were taken in and all payments made to the taxpayer's Florida office. The taxpayer had no warehouse or other facilities in Missouri, so handsets were shipped to Missouri customers from outside the state.

The burden was on the taxpayer to prove that it qualified for the exemption. To determine whether a particular retail sale qualified for the "in commerce" exemption, the court looks to the true object of the transaction. Here, the court held that the true object of the transaction was the taxpayer's sale of access to telecommunications services in Missouri, not the sale of tangible personal property in commerce between states.

The taxpayer's sales of equipment (handsets) and "Airtime" were merely incidental to the sale of access to those services in Missouri. As the taxpayer failed to meet its burden of showing that the "in commerce" exemption applied, the denial of the refund was upheld.

http://news.cchgroup.com/2017/02/17/missouri-sales-use-tax-state-telecommunications-company-failed-qualify-commerce-exemption/

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