

## Forward thinking State strategic tax review

Aligning your multistate tax posture with the company's business objectives and strategies.



### Your issue

Virtually every business decision has a tax consequence. When strategic business decisions are made, is your company considering the multistate tax consequences? Is the resulting multistate tax posture in alignment with your company's business objectives and strategies?

Now, more than ever, companies with operations in multiple jurisdictions have reason to keep the big picture in view when it comes to state taxation. There are many ripple effects from a tax perspective when a company complies with federal and state law requirements outside of the tax arena. For example, reporting regulations for energy companies are in place at each stage of the production and distribution process. Failure to contemplate these reporting requirements from a multistate tax perspective can trigger complex and potentially adverse multistate tax issues. Other industries, such as telecommunications and banking, also face non-tax regulatory requirements, many of which may create multistate tax opportunities or pitfalls.

Complicating matters further, federal tax audit adjustments must be reported to state and local governments in a very short time frame and often involve multiple years and complex issues. Many companies simply don't have sufficient compliance resources to address these significant, nonrecurring reporting requirements in a timely manner. A company that fails to comply with these requirements may face costly penalties and interest.

Given this dynamic and complex environment, doesn't it make sense to review your multistate tax posture on a regular basis? Would you benefit from an assessment of how your multistate tax planning and compliance activities align with your company's core business objectives? Most importantly, don't you want to know that you are not overpaying or, worse, underpaying state taxes? Deloitte can help.

### Our approach

Our State Strategic Tax Review (SSTR) team can help you align your company's business objectives and strategies with a thorough multistate tax posture. As experienced professionals, we offer overall multistate tax planning and compliance assistance, wide-ranging industry and government experience, and deep client commitment.

Providing support throughout this process is our Washington National Tax-Multistate Group. This group serves as a resource to help address difficult technical tax issues, support preparation of a high-quality work product, provide concurring review on technical communications and innovative approaches, and promote consistency and confidence in substantive tax positions.

We can tailor any of the following nationally-delivered SSTR services to your company's specific needs:

### Business restructuring

As companies continue to evolve in today's dynamic marketplace, their operations and geographic footprints change rapidly. Consequently, having an effective tax structure that aligns with business strategy and operations is critical.

Our process includes a detailed understanding of a company's business strategy and operations to help the company design and implement a multistate tax approach that not only aligns with business goals, but also seeks to accommodate growth.

### Credits and incentives

Are you entering new markets, pursuing mergers or acquisitions, divesting resources, or simply experiencing organic growth? Tax credits or incentives may help you manage your related tax posture, reduce operational costs, and improve earnings and cash flow. You may qualify for state and local incentives, including property tax abatements, sales and use tax benefits, customized training, payroll incentives and grants, corporate income tax reduction, land acquisition inducements, site improvements, and cash grants. Our services include exploring , and helping you negotiate and implement tax credits and incentives offered by federal, state, and local economic development agencies.

### Industry suites

For companies primarily operating in specialized industries, such as energy, financial services, and real estate, we provide insights into the industry-specific multistate tax issues and other nuances that factor into the tax position of companies operating in these industries.

### Internal revenue service Revenue Agent Report ("RAR")

Federal tax audit adjustments (set forth in the RAR) must be reported to state and local jurisdictions. This is a demanding process for which many companies don't have the resources immediately available. We provide a technology based, state tax compliance tool that can help you collect data, prepare and file state and local tax returns and notifications, and handle overall project administration.

Our team of multistate tax specialists with prior RAR experience can help you handle all or part of your state tax compliance process. We also offer a review of the original filings for potential refunds or offsets. With our experienced resources, and compliance tool, you can enjoy a more efficient and cost-effective RAR reporting process.

### State specific suites

Similar to the Industry Suites, we offer State Suites — our same detailed, thorough review, but focused on a specific state jurisdiction. Through this review, we offer insights into the particular statutes and nuances of each state, help you understand the current issues state tax authorities are targeting, and explore key areas of opportunity for you to improve compliance and fine tune your overall multistate tax approach.

### Refund review

If your company pays at least \$1 million in state and local taxes and operates in multiple jurisdictions, it makes sense to explore your options through a Strategic Refund Review. This is our most thorough review of state and local taxes, and it includes income and franchise taxes, transactional taxes, telecommunications taxes, credits and incentives, excise taxes, and utility taxes. This approach focuses on identification of potential opportunities that may arise from this broad-spectrum tax review.

### Sales and use tax integrated solutions

Potential refund opportunities relating to sales and use taxes and other transactional taxes — as well as instances of underpayment of taxes — may result from tax compliance software or coding issues. Our Tax Management Advisory Services and Deloitte Consulting LLP professionals can work with your technology professionals to help you address these problems. Current refunds identified in this process may help offset the costs of these services. With your tax compliance system corrected, you can potentially extend the value of these services through future savings in terms of avoiding recurring over- or underpayments.

### The Deloitte difference

Deloitte's Multistate Tax Services team is the largest state and local tax practice in the United States, with more than 800 professionals nationwide, including many industry specialists and former state and local government officials.

Our SSTR team can help you navigate from strategic idea to efficient implementation. We offer:

- Tax approaches derived from and aligned with your business goals and strategies.
- Sound analysis and planning.
- Efficient implementation.
- Flexibility of a national team working with your multistate engagement team to tailor the approach to your company's specific needs.
- Reliable, quality services overseen by our Washington National Tax-Multistate Group.