



Multistate Tax Commission Audit Committee Meeting August 1, 2022

1. Productivity

The Joint Audit Program completed three (3) income tax audits and parts of eight (8) income tax audits during fiscal year 2022. Audit staff also completed four (4) sales tax audits and parts of three (3) other sales tax audit. Currently, there are sixteen (16) income tax audits and twenty-five (25) sales tax audits in progress.

During the last fiscal year, the income tax program proposed net assessments of \$196,365,218 for completed and partially completed income tax audits. Income tax program staff also proposed net NOL and tax credit reductions of \$1,726,271. The sales tax program proposed net assessments of \$3,417,681 for completed and partially completed sales tax audits.

2. Staffing

The Joint Audit Program experienced no staffing changes since the spring audit committee meeting, but there were staff changes earlier in the fiscal year. In March, Melody Moncrief joined the audit team as a part-time administrative assistant and George Fung, a longtime sales tax auditor, retired. We hope to add a new sales tax auditor early in the new fiscal year and a new income tax auditor around the midpoint of the fiscal year.

3. Audit Committee

The Audit Committee met three times in fiscal year 2022. The committee's first meeting of the fiscal year was held on August 10, 2021, via teleconference. The second meeting was held on November 10, 2021 in Alexandria, VA, and the third and final meeting of fiscal year 2022 was held on April 21, 2022 in Albuquerque, NM. In each of the three meetings, the committee reviewed the status of ongoing MTC audits.

During its April meeting, the committee approved a revised Sales Tax Sampling and Guidelines Manual, added companies to sales tax audit inventory, and received a SALT case update from MTC legal staff.

During its November meeting, the committee received an exclusive SALT case update from MTC legal staff and adopted a written policy that states the nominating state and the reasons for nomination cannot be disclosed to taxpayer representatives.

During its August meeting, the committee approved an updated MTC Audit Manual for Sales Tax and MTC Sales and Use Tax Waiver and Extension of Statute of Limitations form. During closed session of the meeting, the committee directed MTC legal staff to draft a policy stating that MTC audit staff may not divulge the nominating state's name or reasons for an audit nomination.

4. Training

The Commission is working to provide training via an online training platform that may allow member states access to view training on demand. Currently, only one training has been provided via this online platform, a statistical sampling course customized for Georgia income tax credits. We expect to offer more training opportunities in the future using this platform.

- Upcoming training opportunities:
 - Market-Based Sourcing Training: Emphasis on the MTC model statute and regulation relating to market-based sourcing.
Virtual Event, Registration will be opening soon.
 - You can always stay up to date with goings on at MTC by subscribing to the MTC monthly newsletter. Please sign up by sending your email address to Loretta King of the MTC staff – lking@MTC.gov

For information regarding upcoming MTC training, contact Sherry Tiggett at STiggett@MTC.gov or (202) 650-0296 or visit our website at <http://www.mtc.gov/Events-Training>.