



MULTISTATE TAX COMMISSION

To: Members, Executive Committee

From: Frank Hales, Audit Committee Chair
Michael Williams, Vice Chair

Date: April 4, 2022

Subject: Report of the Audit Committee

The audit committee has met twice during this fiscal year. The committee first met on August 10, 2021. There were 101 members, guests and staff present during the public session and 84 members and staff present during the closed session of the meeting. There were 5 members of the public present during the public session, and there were 58 individuals representing 26 audit program states present during the closed session of the meeting.

The Audit Committee also met on November 10, 2021 in Alexandria, VA. There were 111 members, guests and staff present during the public session and 99 members and staff present during the closed session of the meeting. There were 11 members of the public present during the public session, and there were 69 individuals representing 26 audit program states present during the closed session of the meeting.

During both meetings the audit committee reviewed the status of all the audits in progress. A discussion was held on several income tax and sales tax audits that had significant issues.

During the summer 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 the closed session of the meeting, the committee was notified that a taxpayer representative requested the name the nominating state and the documented reasons for the nomination. The committee requested that MTC legal staff draft a policy stating that MTC audit staff may not divulge the nominating state's name or reasons for an audit nomination.

During the fall 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.

The next meeting of the audit committee will be held during the 2022 MTC spring meetings on April 21, 2022 in Albuquerque, New Mexico.