

**CALIFORNIA STATE BOARD OF EQUALIZATION**  
**APPEALS DIVISION BOARD HEARING SUMMARY**

In the Matter of the Petition for Redetermination )  
Under the Sales and Use Tax Law of: )  
LOUCAS SAVVAS KAKOULLIS, ) Account Number SR CH 97-499461  
dba Luke's Grill ) Case ID 571124  
Petitioner ) San Leandro, Alameda County

Type of Business: Restaurant

Liability period: 07/01/07 – 06/30/10

<u>Item</u>	<u>Disputed Amount</u>
Unreported taxable sales	\$204,336
Negligence penalty	\$ 1,894
Tax as determined and protested	\$18,942.27
Interest through 03/31/14	6,036.08
Negligence penalty	<u>1,894.23</u>
Total tax, interest, and penalty	<u>\$26,872.58</u>
Monthly interest beginning 04/01/14	<u>\$ 94.71</u>

This matter was scheduled for Board hearing in January 2013, and again in March 2013, but was postponed both times at petitioner's request due to illness. It was then rescheduled for Board hearing in May 2013, but was deferred for settlement consideration.

**UNRESOLVED ISSUES**

**Issue 1:** Whether adjustments are warranted to the amount of unreported taxable sales. We find no adjustments are warranted.

Petitioner operated a restaurant from March 1999 through December 2011. The Sales and Use Tax Department (Department) analyzed petitioner's guest checks and daily credit card reports for October 19, 2010, and calculated that approximately 88 percent of petitioner's recorded sales for that day were paid for with credit cards. However, since some of the guest checks were missing and the credit card sales ratio was higher than the credit card sales ratios of 72 percent and 78 percent computed from two observation tests in the prior audit, the Department questioned the reliability of its test. The Department performed an observation test on December 22, 2010, from 11:00 a.m. to

