

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:)
)
)
5 KOBE GSW, INC., dba) Account Number SR BH 102-173338
Kobe Japanese Cuisine and Bar) Case ID 720777
)
)
7 Petitioner) Foster City, San Mateo County

8 Type of Business: Restaurant

9 Audit period: 01/01/11 – 09/30/11

<u>Item</u>	<u>Disputed Amount</u>
11 Unreported taxable sales	\$327,713
11 Negligence penalty	\$ 2,922
12 Tax as determined and protested	\$29,220.26
13 Interest through 05/31/15	6,843.56
13 Negligence penalty	<u>2,922.03</u>
14 Total tax, interest, and penalty	\$38,985.85
14 Payments	<u>- 468.00</u>
15 Balance Due	<u>\$38,517.85</u>
16 Monthly interest beginning 06/01/15	<u>\$ 143.76</u>

UNRESOLVED ISSUES

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

20 Petitioner has operated a restaurant since January 1, 2011. The Sales and Use Tax Department
21 (Department) audited petitioner in conjunction with the predecessor account (SR BH 100-732650), in
22 which petitioner's president was also a corporate officer.

23 Petitioner provided relatively complete records for audit. The Department found that the
24 amount of funds deposited in the bank exceeded reported total sales by \$332,368. Also, the amount of
25 sales recorded in petitioner's sales journals exceeded reported total sales by \$327,713. Since those
26 figures were fairly consistent, the Department concluded that recorded total sales were substantially
27 accurate. Therefore, it established recorded, but unreported, taxable sales of \$327,713.

