

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:)
AMERICA WOOD FINISHES, INC.) Account Number: SR AA 100-029320
Petitioner) Case ID 460325
Los Angeles, Los Angeles County

Type of Business: Manufacture and sales of paint and related supplies

Audit period: 04/01/03 – 12/31/06

<u>Item</u>	<u>Disputed Amount</u>	<u>Tax</u>	<u>Penalty</u>
Negligence penalty	\$13,870		
As determined		\$173,948.74	\$17,394.90
Adjustment – Appeals Division		<u>-35,253.17</u>	<u>-3,525.31</u>
Proposed redetermination		\$138,695.57	<u>\$13,869.59</u>
Less concurred		<u>-138,695.57</u>	
Balance, protested		<u>\$0.00</u>	<u>\$13,869.59</u>
Proposed tax redetermination		\$138,695.57	
Interest through 10/31/11		68,495.58	
Negligence penalty		<u>13,869.59</u>	
Total tax, interest, and penalty due		<u>\$221,060.74</u>	
Monthly interest beginning 11/01/11		<u>\$693.48</u>	

UNRESOLVED ISSUE

Issue: Whether petitioner was negligent. We find that petitioner was negligent.

Petitioner manufactures and sells industrial and commercial paint along with other wood finishing products. Petitioner claimed all of its gross receipts as non-taxable sales for resale. After adjustments, disallowed claimed sales for resale are \$1,682,617 for the audit period, which equates to an overall percent of error to 24.05 percent. Petitioner concedes this understatement. The Department also discovered that petitioner had collected \$2,400 in sales tax reimbursement but failed to record the reimbursement in its records, and had claimed that the sales were for resale (this error is included in the audited understatement for disallowed claimed sales for resale).

