

1 CALIFORNIA STATE BOARD OF EQUALIZATION

2 APPEALS DIVISION BOARD HEARING SUMMARY

3 In the Matter of the Petition for Redetermination)
 4 Under the Sales and Use Tax Law of:)
 5 RAFAEL EDUARDO DELGADO and) Account Number SR AC 100-818848
 6 ALEXANDER ORANTES,) Case ID 549061
 7 dba Motomania Power Sports)
 8 Petitioner) Northridge, Los Angeles County

8 Type of Business: Sales of men's apparel

9 Liability period: 01/01/07 – 09/30/09

10 <u>Item</u>	<u>Disputed Amount</u>
11 Additional taxable sales reported on amended returns	\$237,854 ¹
12 Tax as determined and proposed to be redetermined	\$20,070.00
13 Interest through 07/31/13	<u>7,311.35</u>
14 Total tax and interest	\$27,381.35
15 Payments	<u>- 14.52</u>
16 Balance Due	<u>\$27,366.83</u>
17 Monthly interest beginning 08/01/13	<u>\$ 100.28</u>

18 This matter was scheduled for Board hearing in February 2013, but petitioner did not respond
 19 to the Notice of Hearing. Thus, the matter was scheduled for decision on the nonappearance calendar.
 20 Petitioner then appeared at the Board meeting in February 2013 and requested that the matter be
 21 rescheduled for hearing.

22 **UNRESOLVED ISSUE**

23 **Issue:** Whether adjustments are warranted to the additional taxable sales reported on amended
 24 returns. We find no adjustment is warranted.

25 Petitioner sold men's apparel from October 2006 through December 2009. Mr. Delgado began
 26 operating the business as a sole proprietorship in January 2010.

27 ¹ Petitioner protests a portion of the additional taxable sales, but has not identified the amount with which it concurs.
 28 Accordingly, we show the entire amount as disputed.

1 In January 2010, the State Compliance and Outreach Program staff of the Sales and Use Tax
2 Department (Department) conducted an inspection of the business premises and concluded that its
3 reported taxable sales of approximately \$1,750 per month appeared low. The Department contacted
4 petitioner and requested that it file amended returns. Petitioner filed amended returns for the period
5 January 1, 2007, through September 30, 2009, which reflected additional taxable sales of \$237,854.

6 Petitioner contends that adjustments are warranted because the amounts reported on the
7 amended returns are incorrect. However, it has provided no supporting evidence, or even an
8 explanation of why it allegedly reported excessive amounts of sales on the amended returns. Further,
9 the Department has reviewed petitioner's bank statements for the liability period and concluded that
10 the funds deposited in the bank are consistent with the amounts reported on the amended returns.
11 Since the additional taxable sales represent amounts reported by petitioner, and it has not shown that
12 those figures are incorrect, we recommend no adjustment.

13 **OTHER MATTERS**

14 None.

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16 Summary prepared by Deborah A. Cumins, Business Taxes Specialist III
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