

CALIFORNIA STATE BOARD OF EQUALIZATION
APPEALS DIVISION BOARD HEARING SUMMARY

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3 In the Matter of the Petition for Redetermination)
4 Under the Sales and Use Tax Law of:)
5 RAFAEL WHOLESALE & DISTRIBUTOR, INC.,) Account Number SR AA 101-320706
6 dba Rafaels Tools) Case ID 530276
7 Petitioner)
Paramount, Los Angeles County

8 Type of Business: Sales of tools and supplies

9 Audit period: 04/01/06 – 03/31/09

<u>Item</u>	<u>Disputed Amount</u>
10 Disallowed claimed nontaxable sales for resale	\$123,702
11 Tax as determined	\$12,188.37
12 Pre-D&R adjustment	<u>- 2,361.20</u>
13 Proposed redetermination, protested	<u>\$ 9,827.17</u>
14 Proposed tax redetermination	\$ 9,827.17
15 Interest through 02/28/13	<u>3,915.76</u>
Total tax and interest	<u>\$13,742.93</u>
16 Monthly interest beginning 03/01/13	<u>\$ 49.14</u>

UNRESOLVED ISSUE

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18 **Issue:** Whether additional adjustments are warranted to the amount of disallowed claimed
19 nontaxable sales for resale. We find no further adjustment is warranted.

20 Petitioner sells tools and other consumable supplies at retail and for resale. The Sales and Use
21 Tax Department (Department) examined petitioner's claimed sales for resale for a 15-day period and
22 listed all transactions that were not supported by adequate documentation. It established an amount of
23 disallowed claimed sales for resale of \$152,323, which it reduced in a reaudit to \$123,702.

24 Petitioner protests the Department's conclusion that certain sales to two specific customers,
25 Manuel's Auto Body, Inc. (Manuel's) and Valley of the Sun (Valley), were not valid sales for resale.
26 During the appeals conference, petitioner explained that, out of respect for its long-time customers, and
27 to avoid the risk of losing loyal customers, petitioner accepted resale certificates from customers, and
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