

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:)
DAVID BRYAN ROYAL, dba) Account Number SR AC 100-231385
Acme Location Catering) Case ID 515517
Petitioner) Woodland Hills, Los Angeles County

Type of Business: Caterer
Audit period: 01/01/06 – 12/31/08

<u>Item</u>	<u>Disputed Amount</u>	
Unreported catering labor	\$312,197	
Tax as determined		\$40,541.74
Less concurred		<u>- 14,785.44</u>
Balance, protested		<u>\$25,756.30</u>
Proposed tax redetermination		\$40,541.74
Interest through 04/30/12		<u>14,403.86</u>
Total tax and interest		\$54,945.60
Payments		<u>- 2,153.26</u>
Balance Due		<u>\$52,792.34</u>
Monthly interest beginning 05/01/12		<u>\$ 223.93</u>

UNRESOLVED ISSUE

Issue: Whether adjustments are warranted based on petitioner’s inability to pay the determination. We find no adjustment is warranted.

Petitioner operated a catering company, providing full service catering services to the motion picture industry, from July 2003 through April 2011. The Sales and Use Tax Department (Department) found material differences between the amounts of gross receipts reported on petitioner’s federal income tax returns and the amounts of total sales reported on sales and use tax returns. Using the sales invoices for the first, second, and third quarters of 2008, since those were the quarters for which invoices were available, the Department computed audited charges for catering labor for those quarters, and it projected the average amount for those three quarters to the fourth quarter 2008. The Department also used the available invoices to compute that 27.69 percent of petitioner’s receipts

