

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 STAINLESS FIXTURES, INC.) Account Number SR S AP 17-780533
 6) Case ID 505327
 7 Petitioner) Pomona, Los Angeles County

8 Type of Business: Construction contractor

9 Audit period: 7/1/03 – 6/30/06

10 <u>Item</u>	<u>Disputed Amount</u>
11 Unreported taxable sales	\$2,243,805
12 Negligence penalty	\$17,678
13 Tax as determined and protested	\$176,780.58
14 Interest through 10/31/12	105,718.43
15 Negligence penalty	<u>17,678.11</u>
16 Total tax, interest, and penalty	\$300,177.12
17 Payments	- 153.86
18 Balance Due	<u>\$300,023.26</u>
19 Monthly interest beginning 11/1/12	<u>\$883.13</u>

20 This matter was scheduled for Board hearing in April 2012, but was postponed at petitioner's
 21 request due to a scheduling conflict.

22 UNRESOLVED ISSUES

23 **Issue 1:** Whether petitioner has established that a reduction to the measure of tax is warranted.

24 We conclude that petitioner has not.

25 Petitioner contracted on a time and material basis with sales tax reimbursement added to the
 26 invoiced selling price of the materials, fixtures, and equipment installed, and also sold tangible
 27 personal property without installation. The Sales and Use Tax Department (Department) compared the
 28 reported sales tax with the sales tax reimbursement collected as shown on petitioner's invoice register,
 adjusted for posting errors and voided sales, calculating a difference of \$176,780, which represents
 unreported taxable sales of \$2,243,805.

