

CALIFORNIA STATE BOARD OF EQUALIZATION
APPEALS DIVISION FINAL ACTION SUMMARY

In the Matter of the Petition for Redetermination)
Under the Sales and Use Tax Law of:)
LYNNE MARIE GALLAGHER and) Account Number: SR BH 99-267506
FRANCIS XAVIER GALLAGHER, dba) Case ID 459368
Galigula/San Francisco)
Petitioner) San Francisco, San Francisco County

Type of Business: Sewing studio

Audit period: 07/01/03 – 06/26/06

Tax as determined and proposed to be redetermined	\$24,900.87
Post hearing adjustments	<u>-17,179.43</u>
Proposed redetermination	\$7,721.44
Less concurred	<u>-7,721.44</u>
Balance, protested	<u>\$0.00</u>
Proposed tax redetermination	\$7,721.44
Interest through 2/28/11	<u>3,871.23</u>
Total tax and interest	<u>\$11,592.67</u>
Monthly interest beginning 3/1/11	<u>\$45.04</u>

The Board held a hearing regarding this matter on August 25, 2010, at which petitioner submitted additional documents supporting its contentions. The Board allowed petitioner 30 days to submit any other supporting documentation and 30 days for the Sales and Use Tax Department (Department) to review the documents submitted at the hearing and any other documents which petitioner may submit.

Petitioner had argued that adjustments were warranted to the disallowed claimed nontaxable alteration charges and to the disallowed claimed sales for resale. By memorandum dated December 7, 2010, the Department advises that, upon its review of the additional documentation submitted by petitioner, it recommends that the disallowed claimed nontaxable alteration charges be reduced from \$178,968 to \$23,914 and the disallowed claimed nontaxable sales for resale from \$113,983 to \$66,926, for a total reduction from \$245,894 to \$90,840. The Department states that petitioner agrees with the reaudit findings.

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We have reviewed the reaudit report dated November 19, 2010, and we concur with the Department's findings. Accordingly, we recommend that the measure of deficiency be reduced from \$245,894 to \$90,840.

Summary prepared by Rey Obligacion, Retired Annuitant