

**ASSESSORS' HANDBOOK SECTION 506, PROPERTY TAX AUDITS AND AUDIT PROGRAM
ALTERNATIVE LANGUAGE/COMMENTS ON SECOND DRAFT**

NO.	PAGE/LINE REFERENCE		SOURCE	PROPOSED LANGUAGE/COMMENTS	BOE STAFF POSITION
	6	18	BOE Staff	<p>Add bullet:</p> <ul style="list-style-type: none"> • <u>The county assessor may consider auditing business entities that are related or associated to a taxpayer selected for audit.</u> 	
	7	30	BOE Staff	<p>Add section:</p> <p><u>Related or Associated Entities</u></p> <p><u>As noted in Chapter 3, it may be efficient to audit related entities at the same time a selected taxpayer is audited. The books and records of related business entities should be reviewed to determine if there is ownership of assessable property at the situs of the taxpayer. When associated entities are discovered through the audit process, their status as a separate legal entity can be confirmed either by using the business search tool on the California Secretary of State's website,^{Fn} or by verifying that the related entity has obtained a separate federal Employer Identification Number or other federal Taxpayer Identification Number . The audits performed on related businesses that are confirmed to be separate legal entities should be included on the county's audit tracking schedule, and each of these audits should be counted as a separate audit unit in the application of Rule 192, <i>Audit Selection</i>, and Section 469.</u></p> <p>^{Fn}http://kepler.sos.ca.gov/</p>	