

# STATE OF ARIZONA

Department of Revenue



July 4, 2015

Example Taxpayer  
Example  
Attn: Joe Public  
132 Oak St.  
Phoenix, AZ 85023

Tom Johnson  
Assistant Director

Tami Benson  
Administrator

License No.: 7999999  
Audit Period 7/1/2011 through 7/31/2015  
Federal ID: 38-9999999  
Response Due By: 7/19/2015

Dear Taxpayer,

The Department of Revenue is providing this **Draft Audit Assessment** to advise you of the preliminary results of our audit, encompassing all taxes imposed under Chapter 5 and 6 of Arizona Revised Statutes Title 42 and the Model City Tax Code, for the audit period indicated above. An explanation of the audit changes is enclosed with the schedules describing the adjustments that form the basis for the amounts shown below:

Corrected Total Tax per Audit	\$	36,897.85	
Less: Tax as Previously Reported		<u>0.00</u>	
Additional Tax Due			36,897.85
Penalty			0.00
Interest Through 7/18/2015			<u>3,917.40</u>
Total Deficiency	\$		<u><u>40,815.25</u></u>
Daily Interest	\$		3.03

Note: If payment is made PRIOR to the interest through date, please deduct the daily interest amount for each day prior to the interest through date.

Please review the audit adjustments that are attached to this notice. If you have additional information that may impact this assessment please furnish it to your auditor by the above response due date. If you need additional time to provide the information, please contact the auditor. The Notice of Proposed Assessment will be issued as outlined here if you do not respond by the response due date above.

### IMPORTANT

All **unprotested** amounts **must** be paid at the time any protest is filed (A.R.S. § 42-1251A). Send any checks or money orders made payable to: ARIZONA DEPARTMENT OF REVENUE  
Attn: Audit Processing  
1600 West Monroe Street Division Code 9  
Phoenix, AZ 85007-2650

\_\_\_\_\_  
Joe Auditor  
ADOR Auditor Number: 845  
Phone # (602) 716-0000

Date 7/4/2015 \_\_\_\_\_.

\_\_\_\_\_  
Jane Public  
ADOR Supervisor Number: 160  
Phone # (602) 716-0001

Date 7/4/2015 \_\_\_\_\_.

# Arizona Department of Revenue

Transaction Privilege & Use Tax

License No.: 07999999

Record Tracking ID No: 00012454

Legal Name: Example Taxpayer

D.B.A. Name: Example

Auditor Name: Joe Auditor

Tax Period Start Date: 7/1/2011

Auditor Phone: (602 ) 716 - 0000

Tax Period End Date: 7/31/2015

## SUMMARY BY JURISDICTION

Jurisdiction	Business Classification	Audited Gross Receipts	Audited Deductions	Audited Taxable	Corrected Total Tax Per Audit	Tax As Previously Reported	Excess Tax	Additional Tax Due
MARICOPA County	Contracting - Prime	850,000.00	423,858.59	426,141.41	31,108.33	0.00	0.00	31,108.33
<b>PRIVILEGE TAX</b>	<b>Sub-Total</b>	<b>850,000.00</b>	<b>423,858.59</b>	<b>426,141.41</b>	<b>31,108.33</b>	<b>0.00</b>	<b>0.00</b>	<b>31,108.33</b>
	<b>State/County Total</b>	<b>850,000.00</b>	<b>423,858.59</b>	<b>426,141.41</b>	<b>31,108.33</b>	<b>0.00</b>	<b>0.00</b>	<b>31,108.33</b>
Phoenix	Contracting Prime	450,000.00	268,261.11	181,738.89	3,634.78	0.00	0.00	3,634.78
Surprise	Construction Contracting	100,000.00	41,763.88	58,236.12	2,154.74	0.00	0.00	2,154.74
<b>PRIVILEGE TAX</b>	<b>Sub-Total</b>	<b>550,000.00</b>	<b>310,024.99</b>	<b>239,975.01</b>	<b>5,789.52</b>	<b>0.00</b>	<b>0.00</b>	<b>5,789.52</b>
	<b>City Total</b>	<b>550,000.00</b>	<b>310,024.99</b>	<b>239,975.01</b>	<b>5,789.52</b>	<b>0.00</b>	<b>0.00</b>	<b>5,789.52</b>
<b>Grand Total</b>					<b>\$ 36,897.85</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 36,897.85</b>

# Arizona Department of Revenue

Transaction Privilege & Use Tax  
 License No.: 07999999  
 Record Tracking ID No: 00012454

Legal Name: Example Taxpayer  
 D.B.A. Name: Example

Auditor Name: Joe Auditor  
 Auditor Phone: (602 ) 716 - 0000

Tax Period Start Date: 7/1/2011  
 Tax Period End Date: 7/31/2015

## STATE AND COUNTY AUDIT ANALYSIS

Business Classification	A.R.S Reference	Explanation of Audit Adjustments	Tax Adjustments
Contracting - Prime	A.R.S. §42-5075/-5076	Taxpayer was a non-filer. Assessment results from income information received from the bank statements.	\$ 31,108.33

State/County Total

\$ 31,108.33

## CITY AUDIT ANALYSIS

Jurisdiction	Business Classification	MCTC Reference	Explanation of Audit Adjustment	Tax Adjustment
Phoenix	Contracting Prime	Sec. 415-417	Taxpayer was a non-filer. Assessment results from income information received from the bank statements.	\$ 3,634.78
Surprise	Construction	Sec. 415-417	Taxpayer was a non-filer. Assessment results from income information received from the bank statements.	\$ 2,154.74

City Total \$ 5,789.52

State/County Excess Tax \$ -

City Excess Tax \$ -

Total Tax Adjustment \$ 36,897.85

Penalty \$ -

Interest \$ 3,917.40

Total Deficiency \$ 40,815.25

# Arizona Department of Revenue

Transaction Privilege & Use Tax

License No.: 07999999

Record Tracking ID No: 00012454

Legal Name: Example Taxpayer

D.B.A. Name: Example

Auditor Name: Joe Auditor

Tax Period Start Date: 7/1/2011

Auditor Phone: (602 ) 716 - 0000

Tax Period End Date: 7/31/2015

[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]	[N]	[O]	[P]	[Q]	[R]	[S]	[T]	[U]	
#	Date	Business Class	Jurisdiction	Gross Receipts	St/Cnty Deductions	State/Cnty Tax Factored Deduction	State/Cnty 35% Deduction	Total State/Cnty Deductions	State/Cnty Taxable	State/Cnty Tax Rate	State/Cnty Audited Tax	City Deductions	City Tax Factored Deduction	City 35% Deduction	Total City Deduction	City Taxable	City Tax Rate	City Audited Tax	Total Audited Tax	Combined Tax Factored	
				(W/P D-1)	(W/P D-1)	(W/P D-1)		[F + G + H]	[E-I]		[J x K]				[M + N + O]	[E - P]		[Q x R]	[L + S]		
2	7/1/2011	Contracting - Prime	Phoenix	100,000.00	3,500.00	5,500.90	31,849.68	40,850.58	59,149.42	0.073000	4,317.91	3,500.00	5,500.90	31,849.68	40,850.58	59,149.42	0.020000	1,182.99	5,500.90	0.057004	
3	9/15/2011	Contracting - Prime	Phoenix	150,000.00	150,000.00	0.00	0.00	150,000.00	0.00	0.073000	0.00	150,000.00	0.00	0.00	150,000.00	0.00	0.020000	0.00	0.00	0.057004	
4	12/1/2011	Contracting - Prime	MARICOPA	300,000.00	0.00	13,590.15	100,243.45	113,833.60	186,166.40	0.073000	13,590.15	0.00			0.00			0.000000	0.00	13,590.15	0.045300
5	2/1/2012	Contracting - Prime	Phoenix	200,000.00	0.00	11,400.82	66,009.71	77,410.53	122,589.47	0.073000	8,949.03	0.00	11,400.82	66,009.71	77,410.53	122,589.47	0.020000	2,451.79	11,400.82	0.057004	
6	4/11/2012	Contracting - Prime	Surprise	100,000.00	4,000.00	6,405.97	31,357.91	41,763.88	58,236.12	0.073000	4,251.24	4,000.00	6,405.97	31,357.91	41,763.88	58,236.12	0.037000	2,154.74	6,405.98	0.066729	
<b>Totals</b>				<b>\$ 850,000.00</b>	<b>\$ 157,500.00</b>	<b>\$ 36,897.84</b>	<b>\$ 229,460.75</b>	<b>\$ 423,858.59</b>	<b>\$ 426,141.41</b>		<b>\$ 31,108.33</b>	<b>\$ 157,500.00</b>	<b>\$ 23,307.69</b>	<b>\$ 129,217.30</b>	<b>\$ 310,024.99</b>	<b>\$ 239,975.01</b>		<b>\$ 5,789.52</b>	<b>\$ 36,897.85</b>		

AuditPeriod	JURISDICTION	TaxClass	Location	Values												
				Sum of AuditedGROSS	Sum of ReportedGROSS	Sum of Gross_Diff	Sum of AuditedDeduction	Sum of ReportedDeduction	Deduction_Difference	Sum of AuditedTAXABLE	Sum of ReportedTAXABLE	Sum of Txble_Diff	Sum of AuditedTax	Sum of ReportedTax	Sum of Tax_Diff	
201107	MARICOPA CO	015	(blank)	100,000.00		100,000.00	40,850.58		40,850.58		59,149.42		59,149.42	4,317.91		4,317.91
	Phoenix	015	(blank)	100,000.00		100,000.00	40,850.58		40,850.58		59,149.42		59,149.42	1,182.99		1,182.99
<b>201107 Total</b>				<b>200,000.00</b>		<b>200,000.00</b>	<b>81,701.16</b>		<b>81,701.16</b>		<b>118,298.84</b>		<b>118,298.84</b>	<b>5,500.90</b>		<b>5,500.90</b>
201109	MARICOPA CO	015	(blank)	150,000.00		150,000.00	150,000.00		150,000.00		0.00		0.00	0.00		0.00
	Phoenix	000	(blank)	150,000.00		150,000.00	150,000.00		150,000.00		0.00		0.00	0.00		0.00
<b>201109 Total</b>				<b>300,000.00</b>		<b>300,000.00</b>	<b>300,000.00</b>		<b>300,000.00</b>		<b>0.00</b>		<b>0.00</b>	<b>0.00</b>		<b>0.00</b>
201112	MARICOPA CO	015	(blank)	300,000.00		300,000.00	113,833.60		113,833.60		186,166.40		186,166.40	13,590.15		13,590.15
<b>201112 Total</b>				<b>300,000.00</b>		<b>300,000.00</b>	<b>113,833.60</b>		<b>113,833.60</b>		<b>186,166.40</b>		<b>186,166.40</b>	<b>13,590.15</b>		<b>13,590.15</b>
201202	MARICOPA CO	015	(blank)	200,000.00		200,000.00	77,410.53		77,410.53		122,589.47		122,589.47	8,949.03		8,949.03
	Phoenix	015	(blank)	200,000.00		200,000.00	77,410.53		77,410.53		122,589.47		122,589.47	2,451.79		2,451.79
<b>201202 Total</b>				<b>400,000.00</b>		<b>400,000.00</b>	<b>154,821.06</b>		<b>154,821.06</b>		<b>245,178.94</b>		<b>245,178.94</b>	<b>11,400.82</b>		<b>11,400.82</b>
201204	MARICOPA CO	015	(blank)	100,000.00		100,000.00	41,763.88		41,763.88		58,236.12		58,236.12	4,251.24		4,251.24
	Surprise	005	(blank)	100,000.00		100,000.00	41,763.88		41,763.88		58,236.12		58,236.12	2,154.74		2,154.74
<b>201204 Total</b>				<b>200,000.00</b>		<b>200,000.00</b>	<b>83,527.76</b>		<b>83,527.76</b>		<b>116,472.24</b>		<b>116,472.24</b>	<b>6,405.98</b>		<b>6,405.98</b>