

What to Expect from a Convention & Tourist Tax Audit

A tax audit should be educational and promote voluntary compliance. It provides an understanding of taxpayer responsibilities and rights under Florida tax laws. An audit helps businesses identify and correct bookkeeping problems that could cause additional tax liabilities. The Miami-Dade County Regulatory and Economic Resources Business Division (RER Business Division) wants to help taxpayers avoid penalty and interest caused when taxpayers do not collect, file, and pay taxes correctly and on time.

Why are Taxpayers Audited?

The RER Business Division audits taxpayers to:

- Educate taxpayers
- Enforce Florida tax laws uniformly
- Promote voluntary compliance
- Deter tax evasion

While most tax returns are accepted as filed, some returns are audited to verify accuracy and evaluate compliance. Audits do not always result in the taxpayer owing additional taxes, penalties, or interest. The auditor may adjust a credit carryover or correct distribution without assessing additional tax. The auditor may even determine that a refund is due.

How was I selected?

The strategies for selecting a business to audit varies from tax to tax. Some examples of sources used to identify a potential audit lead by:

- Computer-based random selection
- Analysis of County tax return information
- Business publications, periodicals, journals, and directories

What happens during the audit?

Audits can be completed using paper or electronic records. The auditor begins by sending you (via mail and/or email) a Notice of Intent to Audit Books and Records. This notice identifies the audit period and taxes to be examined and will inform you of the records you will need to provide.

The types of records needed may include, but are not limited to:

- Federal income tax returns
- Florida sales and use tax returns
- General ledgers and journals
- Profit and loss statements
- Long Term Consumer Lease Documents
- Florida Department of Revenue tax exempt certificates
- POS and Front Desk Reports, or equivalent
- Documentation to support exemptions per F.S. 212.08(7))

You must keep records for three (3) years. The RER Business Division may audit for periods longer than three (3) years if you did not file or filed a substantially incorrect return or payment. If you fail to produce records, your tax liability will be estimated based on available information.

The auditor will call you to arrange a date for the review of your records. During the call, the auditor will interview you or your authorized representative to learn your type of business, organizational structure, accounting methods, and systems.



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You must complete a *Miami-Dade Department of Regulatory and Economic Resources Business Division Power of Attorney (POA)* if you want the auditor to discuss the audit with your authorized representative. A POA Form is generally not required if the representative is a trustee, a receiver, an administrator, a corporate officer, or an authorized employee of the business.

To minimize the disruption of your workplace, please assign the associate responsible for preparing and filing your tax returns to help the auditor during the audit review. An audit may be completed with minimal effort and disruption of daily business activities if records are easily available. Well organized records and proper documentation can save you time, money, and help speed up the completion of an audit.

During the audit, you have the right to be informed of basic findings and proposed changes. Feel free to ask questions. The auditor is there to aid in complying with and understanding Florida tax laws.

Florida law requires sales and use tax records be made available to the RER Business Division in an electronic format when the dealer maintains such records electronically.

What happens after the audit?

Upon completing the examination of your records, the auditor will notify you in writing of the audit findings by issuing a *Summary of Findings*. If the examination of your records reflect that you have complied with the applicable Miami Dade County and State of Florida tax laws which govern the audited taxes, the *Summary of Findings* will reflect no amount due, and the audit will be closed. The auditor may make recommendations in the *Summary of Findings* for possible improvement(s) to provide for better compliance, collection, and reporting.

If the *Summary of Findings* indicates adjustments to amounts due, the auditor will include the legal basis for any adjustments. Make sure you understand the reasons for any adjustments and ask for an explanation of any items that are unclear. The auditor will explain your rights, including deadlines for filing protests. Once you have received and reviewed the *Summary of Findings*, you will either agree or disagree with the findings. It is important you notify the auditor of any agreement or disagreement before the expiration of the 30-day period specified on the notice.

Once 30 days have passed since the date of the *Summary of Findings*, you will receive an *Assessment Notice*, which provides you with an official notice of the amount due. This document serves as a request for payment of any unpaid amounts and provides instructions for filing a formal or informal protest if you disagree with the proposed changes. The RER Business Division will not take any enforcement action until you receive the assessment and have a chance to voluntarily pay or protest the audit findings.

Finally, instructions for completing a *Tax Audit Satisfaction Survey* may be mailed to randomly selected taxpayers. If received, please complete it to rate your satisfaction with the audit actions or services. The survey results are used to improve the audit process.

Reference Material

Tax Laws – The Florida Statutes are available at leg.state.fl.us.