



Tax Group III Audit and Compliance

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Group 3 Divisions

- **Audit Intelligence--Cynthia Pugh**
- **Field Audit-Sales Tax--Darlene Allen**
- **Field Audit-Income Taxes--Billy Pittman**
- **Field Audit-Excise Taxes--Sandra Malveaux**
- **Audit Review and Appeals--Susan Oliver**

Audit Intelligence

Mission: To provide comprehensive cross Agency support by efficiently examining and analyzing internal and external data to develop productive leads in order to maximize compliance

Audit Intelligence

Goals:

- Identify material tax issues, tax avoidance measures and areas of non compliance
- Increased number of accounts reviewed
- Develop data summaries within Delta for internal analysis
- Analyze outside sources of data to identify areas of non-compliance

Audit Intelligence Staffing

- 8 Full Time Employees
- 5 Part Time WAE Employees

All Employees Domiciled in Baton Rouge/HQ

- Total Staffing includes 6 Revenue Tax Auditor Specialist.

Audit Intelligence Collections

	FYE 06/30/16	12/31/16
CP2000	\$9,905,164	\$2,382,049
RAR	\$22,534,012	\$1,649,772
Fed/State Mismatch	\$3,599,923	\$607,367
Other Initiatives**	\$2,217,501	\$190,068
**Does not include collections on leads referred to Field Audit.		

Audit Intelligence

SAS/Other Initiatives

- Individual Income Tax
- Severance Tax
- Sales Tax
- Corporate/Flo-Thru Entities

Field Audit Divisions

Mission:

To strategically select and audit taxpayers for the purpose of disclosing unpaid tax liabilities and enhancing voluntary compliance. Also, to professionally administer taxes fairly equitably and efficiently.

Field Audit Divisions

Goals:

- Establish audit completion goals to ensure adequate coverage
- Increase audit coverage, reduce audit time per case and utilize efficient auditing procedures and technology
- Educate taxpayers about audit findings to improve future compliance
- Focus on producing accurate and efficient audits
- Develop knowledgeable and engaged employees through team work and professional development

Field Audit-Sales Tax Staffing

- 67 Total employees
 - 43 LA domiciled employees
 - 24 Out of state domiciled employees

Auditor Levels

- | | |
|-------------------------|----|
| ● Revenue Tax Auditor 1 | 12 |
| ● Revenue Tax Auditor 2 | 22 |
| ● Revenue Tax Auditor 3 | 13 |

Field Audit-Sales Tax Audits Performed

Tax Type	FYE 6/30/15	FYE 6/30/16	12/31/16
Sales	933	965	331
Withholding Tax	16	20	5
Totals	949	985	336

Field Audit-Sales Tax Audit Determinations

Tax Type	FYE 6/30/15	FYE 6/30/16	12/31/16
Sales	\$102,167,306	\$81,363,648	\$27,439,941
Withholding Tax	\$111,718	\$1,111,617	\$2,960,376
Totals	\$102,279,024	\$82,475,265	\$30,400,317

Field Audit-Sales Tax Audit Collections

Tax Type	FYE 6/30/15	FYE 6/30/16	12/31/16
Sales	\$18,780,448	\$31,157,723	\$14,986,299
Withholding Tax	\$164,814	\$168,863	\$41,399
Totals	\$18,945,262	\$31,326,586	\$15,027,698

Field Audit-Sales Tax

Audit Issues:

- Expanded Sales Tax Rates (Act 25 & Act 26)
- MM&E
- Tangible personal property for use offshore
- Out of state contractors
- Lack of exemption certificates/validity
- Repairs to movable/immovable property
- Insufficient record keeping

Field Audit-Income Staffing

- 46 Total employees
 - 14 LA domiciled employees
 - 32 Out of state domiciled employees

Auditor Levels

- | | |
|-------------------------|----|
| ● Revenue Tax Auditor 1 | 0 |
| ● Revenue Tax Auditor 2 | 17 |
| ● Revenue Tax Auditor 3 | 16 |

Field Audit-Income Audits Performed

Tax Type	FYE 6/30/15	FYE 6/30/16	12/31/16
CIT	267	253	58
CFT	303	260	61
Individual	2	56	56
Total	572	569	175

Field Audit-Income Audit Determinations

Tax Type	FYE 6/30/15	FYE 6/30/16	12/31/16
CIT	\$71,233,421	\$268,237,838	\$11,933,642
CFT	\$132,806,626	\$177,456,464	\$16,730,125
Individual	\$1,044,264	\$3,344,986	\$3,267,581
Total	\$208,084,311	\$449,039,288	\$31,931,348

Field Audit-Income Audit Collections

Tax Type	FYE 6/30/15	FYE 6/30/16	12/31/16
CIT	\$49,611,335	\$35,320,964	\$6,322,372
CFT	\$80,547,666	\$34,425,684	\$4,268,628
Individual	\$44,800	\$1,203,560	\$909,498
Total	\$130,203,801	\$70,950,208	\$11,500,498

Field Audit-Income

Audit Issues:

- Transfer Pricing arrangements/agreements
- Royalties
- Nexus
- Non-Filers
- Centralized Cash Management Setup
- Interest Expense
- Intercompany reclassification from debt to equity
- Attributing intercompany advances to Louisiana

Field Audit-Excise Staffing

- 19 Total employees
 - 12 LA domiciled employees
 - 7 Out of state domiciled employees

Auditor Levels

- | | |
|-------------------------|---|
| ● Revenue Tax Auditor 1 | 1 |
| ● Revenue Tax Auditor 2 | 6 |
| ● Revenue Tax Auditor 3 | 8 |

Field Audit-Excise Audits Performed

Tax Type	FYE 6/30/15	FYE 6/30/16	12/31/16
Severance- Oil	10	64	26
Severance- Gas	10	37	19
IFTA	38	95	26
All Other Excise Taxes	17	41	8
Totals	75	237	79

Field Audit-Excise Audit Determinations

Tax Type	FYE 6/30/15	FYE 6/30/16	12/31/16
Severance-Oil	\$476,906	\$25,401,800	\$29,083,279
Severance-Gas	\$685,238	\$8,124,291	\$5,158,120
IFTA	\$29,230	\$32,770	\$9,872
All Other Excise Taxes	\$566,687	\$1,039,185	\$474,778
Totals	\$1,758,061	\$34,598,046	\$34,726,049

Field Audit-Excise Audit Collections

Tax Type	FYE 6/30/15	FYE 6/30/16	12/31/16
Severance-Oil	\$725,608	\$3,083,255	\$494,871
Severance-Gas	\$93,854	\$229,700	\$104,192
IFTA	\$50,440	\$38,175	\$6,022
All Other Excise Taxes	\$78,084	\$6,312,819	\$153,046
Totals	\$947,986	\$9,663,949	\$758,131

Field Audit-Excise

Audit Issues:

- Valuation/Gross Value
- Production Errors
- Incorrect Rates
- Updating statutes

Cooperative Agreements with Parishes

The purpose of these agreements between the Parish Tax Administrators and the Louisiana Department of Revenue is to increase audit coverage and free up state audit resources to conduct regional and multi-state audits.

Currently these agreements cover only sales/use tax audits.

Cooperative Agreements with Parishes

Executed Agreements:

Evangeline Parish

Jefferson Davis Parish

St. Mary Parish

St. Charles Parish

Rapides Parish

We are currently negotiating with several other parishes to execute agreements.

Audit Review and Appeals

Mission: To fairly and impartially resolve audit issues and controversies in the best interest of the State of Louisiana and taxpayers while enhancing voluntary compliance and maintaining public confidence in the integrity and efficiency of the Department.

Audit Review and Appeals

Goals:

- Address and resolve audit issues and disputes
- Educate taxpayers about audit issues
- Identify and deliver additional training/information to LDR staff related to evolving tax issues
- Provide litigation support
- Provide assistance to other divisions

Audit Review and Appeals Staff

- 17 Total Full Time Employees

All Domiciled at Headquarters/Baton Rouge

- Sales Tax Reviewers 6
- Corporate/Individual Reviewers 4
- Revenue Tax Auditor Specialist (VDA) 1

Audit Review and Appeals

Amnesty Programs

During the last amnesty Audit Review was able to resolve and close approximately 429 cases.

Audit Review and Appeals

Case load:

Sales/Excise/Misc.: 138 cases per reviewer.

Corporate/Individual Income Tax: 149 cases per reviewer.

Voluntary Disclosure Program

	FYE 6/30/15	FYE 6/30/16	12/31/16
Total Applications	160	164	44
Approved Applications	100	56	25
Denied Applications	32	22	6
Collections	\$8,059,759	\$2,716,175	\$1,421,562