

Multistate tax controversy services Florida Controversy



The Florida landscape

- In an aggressive campaign to attract new business, the State of Florida has highlighted its rapid recovery from the recession, including sustained job growth and a budgetary surplus.
- Even with the improving state economy and related growth in tax revenue, changes in administrative policy and interpretations have led to increased enforcement efforts by the Florida Department of Revenue (FDOR).
- The Florida Legislature has recently granted to the FDOR Executive Director greater compromise authority regarding closing agreements.
- Recently a new Executive Director and General Council joined the Florida Department of Revenue. These personnel changes are affecting the resolution of more significant tax controversies, and may have an impact on the FDOR's policies and priorities.



Navigating the complexities of Florida controversy

Several options exist for contesting audit assessments:

- Prior to audit finalization, taxpayers may file a written informal protest with the FDOR.
- FDOR auditors now need 60 days remaining on statute of limitations to issue an assessment. This has led to the issuance of assessments earlier in the audit process than in prior years.
- Informal protests are assigned to a Technical Assistance and Dispute Resolution conferee. The conferee reviews the arguments and may hold an informal conference with the taxpayer (or its representative) to resolve disputed issues.
- Upon completion of a tax audit, the taxpayer may file a Petition for Reconsideration for review by the Division of Administrative Hearings, or file an action in Circuit Court or the District Court of Appeal.
- Opportunities for settlement negotiations may exist during all stages of the audit.



Common issues in Florida tax

Corporate income tax:

- The FDOR is targeting out-of-state service providers and applying its market-based interpretation of the state's sales factor regulation.

Sales and use tax:

- Auditors are increasingly taking the position that revenue from service contracts and management agreements are taxable as fees for the license to use real property.
- Recent legislation expanded manufacturer's exemptions.

Property tax:

- Recent requirements related to valuation reassessment upon a change in ownership of real property and a change of control of a legal entity that holds real property have added new elements to the due diligence process for real property transactions and for transactions involving legal entities.



Why Deloitte?

Deloitte's Florida controversy team can help you explore potential opportunities with:

- Audits and appeals
- Refund requests
- Private letter rulings
- Penalty and interest abatements

Our proactive approach is based upon:

- Years of experience working with the FDOR
- In-depth knowledge of the state's procedure and informal policies
- Extensive experience involving remediation of uncertain tax positions, tax audit representation, ruling requests, and refund requests

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