

Overview:

Audit Objectives:

- To check the correctness of the City's records on the Seller
- To determine the accuracy of the seller's reported sales tax against their own accounting records and federal tax returns
- To answer any questions the business may have regarding proper accounting for sales tax, exemptions, and Wasilla Municipal Code (WMC).

Audit Procedure:

- Initial Written Contact
- Auditor's Visit
- Written Follow-up

City of Wasilla
Finance Department

290 E Herning Avenue
Wasilla, AK 99654
Phone: 907-373-9088
Fax: 907-373-9085

MGraham@ci.wasilla.ak.us

www.cityofwasilla.com

What to Expect During a Sales Tax Audit

Business Information Pamphlet

City of Wasilla

Finance Department

July 2021



Initial Contact:

Written notification is made to the Seller outlining:

The year(s) which are being covered by the audit, (can go back three full calendar years from the current year);

The date, time and place the audit will be held;

The books, files and records that may be reviewed during the audit including but not limited to: sales invoices, daily cash register tapes, sales journals, general ledgers, bank statements and copies of federal income tax returns.

Auditor Visit:

Introduction:

The auditor will explain how the Seller was selected for the audit and why the audit is being performed.

The auditor will ask questions of the Seller to gain information about the business and highlight portions of the sales tax code that may apply to Seller's business and will answer any questions the seller

may have about transactions, sales tax code or reporting requirements.

Review:

The auditor will review the Seller's accounting records to determine if the correct amount of tax was collected and remitted to the City.

Federal income tax returns are examined to determine if the accounting records match the reporting to the IRS.

Written Follow Up:

A written determination will be mailed to the Seller upon completion of the audit.

No Change- indicates the auditor determined the seller's tax returns were correct and reflective of the seller's accounting records and business activity and no changes are recommended or required.

Findings- Indicate the Seller's sales tax returns did not accurately reflect the business activity and records reviewed by the auditor. Recommended changes will be noted, and an estimation of any sales tax discrepancy found will be included in

the correspondence. If taxes were under reported, or a violation of WMC [5.16](#) is found, the balance may reflect additional penalty and interest charges. If the taxes were overpaid a refund may be issued under WMC [5.16.145](#) Refunds.

Seller's Rights:

If a seller disagrees with the City's audit result, they may contest the determination by filing a protest with the Finance Director within 30 days under WMC [5.16.215](#) Protest. The Mayor or his designee will hold an informal hearing regarding the protest and a written decision to the protest will be issued. A seller may appeal the decision to superior court as provided in Alaska Rules of Appellate Procedure.

Questions:

If you have questions regarding taxable transactions, recordkeeping or the audit process, please contact the sales tax auditor at 907-373-9079 or by email: Mgraham@ci.wasilla.ak.us