

# TAXATION INSIDE-OUT

## READER POLL RESULTS: AUDIT ACTIVITY

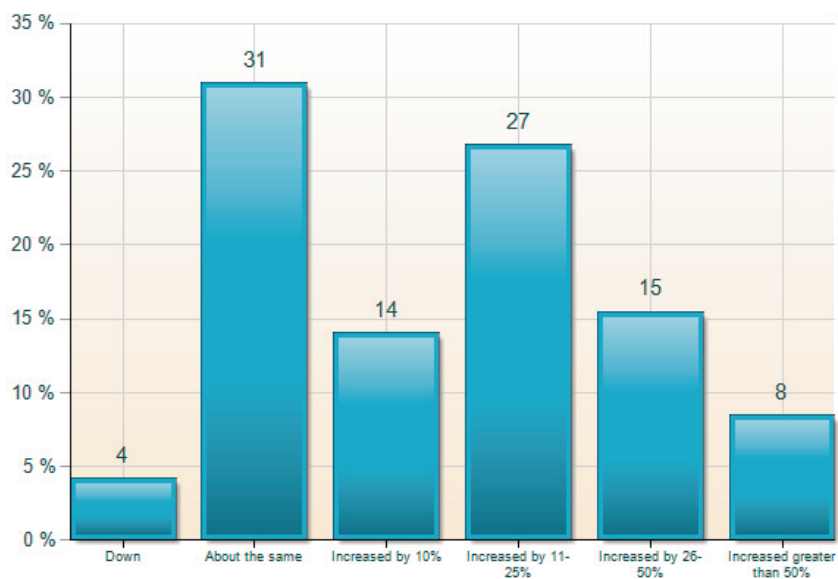
In the July edition of AICPA Corporate Taxation Insider, Vertex and AICPA surveyed nearly 100,000 corporate tax and accounting professionals to examine their organization's audit activity. Respondents were asked to select the best answer for each question and provide additional feedback regarding each topic question.

The initial survey question asked respondents for their company's revenue. Twenty-three percent said over \$2 billion, 26 percent responded with \$500 million to \$2 billion, 24 percent said \$101 million to \$500 million and 9 percent responded \$10 million to \$100 million. The remaining 19 percent had revenues less than \$10 million.

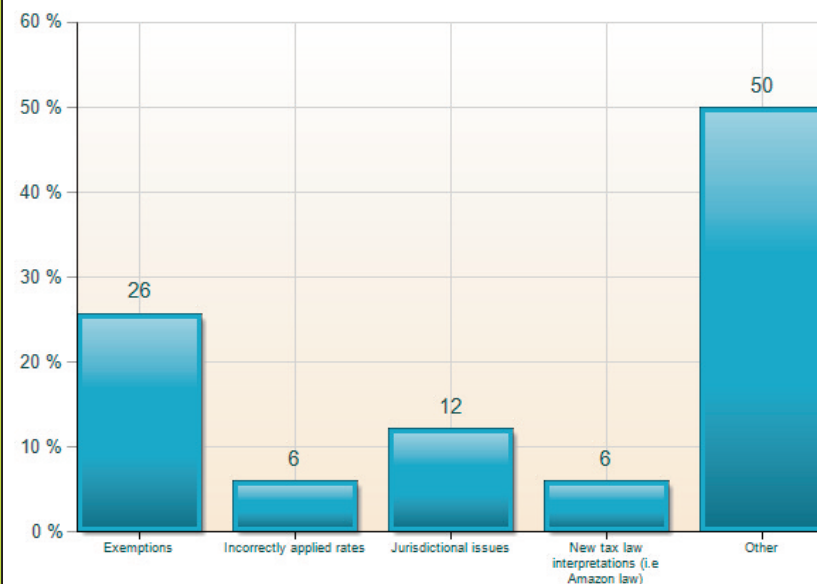
When asked what the average time spent on tax audits during the past 12 months was, 31 percent of participants responded that the time spent on tax audits has not changed. Fourteen percent said time has increased by 10 percent. Twenty-seven percent responded their time increased by 11 to 25 percent. Fifteen percent said that time has increased by 26 to 50 percent while 8 percent responded that time has increased more than 50 percent. The remaining 4 percent said their average time spent on tax audits is down from previous years.

Survey responders were then asked an open-ended question in which they chose states that have been the most aggressive in their audit activities. The five states ranked most frequently were California with 15 percent, Texas with 12 percent, New York with 10 percent,

On average, what would you say is the time spent on tax audits during the past 12 months for your (or your client's) company?



The most frequent reason for your assessments is:

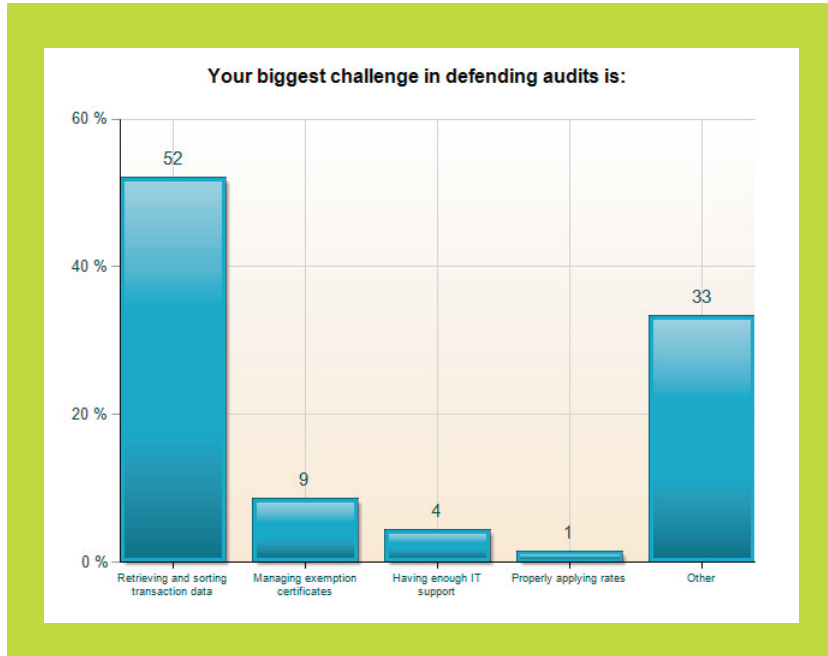


Illinois with 8 percent and Florida with 8 percent.

When asked what the most frequent reason for assessments is, 26 percent said exemptions, 12 percent said jurisdictional issues, 6 percent said incorrectly applied rates and 6 percent said new tax law interpretations. The remaining 50 percent responded with other which left no fill in option.

Lastly, the survey asked participants to indicate what their biggest challenge is in defending audits. Fifty-two percent responded that retrieving and sorting transaction data was the biggest challenge, 9 percent said managing exemption certificates, 4 percent said having enough IT support and 1 percent chose properly applying rates. The remaining 33 percent responded with other which left no fill in option.

Vertex Inc. is dedicated to providing accounting and corporate tax professionals with valuable industry information. We invite you to provide feedback on this survey, and also suggest topics for discussion. If you or someone you know is interested in participating as a guest writer to provide commentary on the subjects addressed in these surveys, please contact Christina Dailey at [christina.dailey@vertexinc.com](mailto:christina.dailey@vertexinc.com).



**Please participate in this month's survey  
where we ask your thoughts on:  
Evaluating Tax Department Activity**

**Vertex Inc.**

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