



# HVAC Distribution Company with \$10M+ in Revenues

## OVERVIEW

This case study illustrates how Clarus Partners Advisors' strategic approach and Exemption Certificate Management Services (ECMS) not only resolved an immediate indirect tax audit challenge, but also provided long-term benefits by ensuring compliance and minimizing future audit liabilities.

## PROBLEM

The taxpayer, a retailer, faced a substantial state sales tax audit liability exceeding \$700,000. This significant liability was primarily attributed to a lack of complete and accurate exemption certificates.

## SOLUTION

The results of the efforts undertaken to resolve the state sales tax audit liability and implement the ECMS program were exceptional:

### Audit Liability Analysis:

- Clarus Partners initiated an in-depth analysis of the audit liability, reviewing audit schedules and exemption certificates to identify discrepancies and root causes.

### Reconciliation and Documentation:

- The team diligently worked to reconcile differences between audit schedules and source materials, ensuring accuracy in the exemption certificate documentation.

### Exemption Certificate Management Services (ECMS):

- Clarus Partners implemented an Exemption Certificate Management Services program, aimed at proactively managing and maintaining proper documentation for tax-free sales.

## RESULTS

The results of the efforts undertaken to resolve the state sales tax audit liability and implement the ECMS program were exceptional:

# 80%

reduction of the initial audit liability due to Clarus Partners' expertise.

# 99.5%

As a direct outcome of instituting the ECMS program, the taxpayer's subsequent audit liability, which occurred three years later, was significantly limited to just over \$3,000.



CONTACT US TO SEE WHAT CLARUS PARTNERS CAN DO FOR YOU

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