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|--|--|-----------------------------|
| OWNER<br>[REDACTED]  | ACCOUNT NUMBER<br>[REDACTED] 70                          | DATE OF REPORT<br>7-22-15   |
| DBA  | CASE ID #<br>[REDACTED]                                  |                             |
| REPRESENTED BY<br>[REDACTED]                                     | AUDITOR<br>Jason Walker, Associate Tax Auditor           |                             |
| S.B.E. REPRESENTED BY<br>David Hofer- District Principal Auditor | GROUP CHIEF<br>Robert Miller, Supervising Tax Auditor II |                             |
| AUDIT PERIOD<br>10-01-2011 to 09-30-2014                         | PRIOR AUDIT THROUGH<br>09-30-2011                        | STARTING DATE<br>[REDACTED] |

AUDIT STATUS

Not yet determined  
  Petition on file  
  Late protest  
  Claim for refund on file  
  Other  
 Penalty 10%  
  Failure to file  
  Fraud  
  Negligence  
  Other AMNESTY

GENERAL INFORMATION

During the audit period the taxpayer owned a restaurant and a nightclub. The taxpayer sold the food portion of the restaurant and became only responsible for reporting alcohol sales made through the restaurant location.

Audit  
  FBO  
  Other \_\_\_\_\_

AMOUNT      WORKING PAPERS SCHEDULE

PROTESTED MEASURE OF TAX

|                                  |             |     |
|----------------------------------|-------------|-----|
| 1. Excess taxable bank deposits. | \$6,597,997 | 12A |
|----------------------------------|-------------|-----|

TAXPAYER'S CONTENTIONS

The taxpayer discussed and made changes to the original purchase segregation of April 2012 with the auditor, prior to the 79A process.

However, please see attached for the additional contentions of the taxpayer during the 79A process.

STAFF'S POSITION

For analysis and discussion, please see the attached page.

RECOMMENDATIONS, INSTRUCTIONS AND/OR DISPOSITION

A revised audit is to be prepared based on the attached recommendations and instructions.

Based on my analysis of the adjustments to be made in this audit, the percentage of error will be reduced below 10% overall. This is below the tolerance afforded in Chapter 8 of the Audit Manual, "Bars and Restaurants." Therefore, the revised audit should result in no audit liability.

Transmit to H.Q. without change  
  Return audit to field  
  Taxpayer concurs  
  Form BOE-122 secured  
 Taxpayer does not concur. Basis for objection to disputed items(s) is the same as above.

DISTRICT PRINCIPAL AUDITOR APPROVAL \_\_\_\_\_ DATE 7-22-15