

CASE STUDY

CATCHING A \$500,000 MISTAKE ON A TAX RETURN

PROBLEM

Barton, 63, married to Dawn, 40, is diagnosed with a fatal illness. He owns a business that he'd built from scratch. He'd hoped that his daughter Jennifer, 21, or son Brian, 19, would take over the business, but they're both in school. He doesn't want to burden them with the company. Nor does he want a non-family member as a caretaker of the business. When he sells the business for \$300 million, he trusts a large accounting firm to prepare the business' final tax return, which also involves eight to nine state filings.

SOLUTION

Barton's relationship manager routinely reviewed the business' tax return before it was presented to the Chief Financial Officer for signature. In his review of the final return, he discovered errors in the accountant's treatment of the business state apportionment factors. He saved Barton \$500,000 in taxes.

DISCUSSION

The process involved:

- Reviewing Barton's tax return routinely
- Taking the time to ask questions that an accountant who's paid hourly couldn't bother
- Reviewing relationship manager's knowledge of how individual states vary in their tax treatment of transactions like Barton's

Barton was happy because he hated paying taxes.