



CITY COUNCIL AGENDA ITEM

TO: Mayor & City Council

DATE: March 25, 2014

FROM: John McDonough, City Manager

AGENDA ITEM: Consideration of Refund Request in the Amount of \$6,308.43 from 2011 & 2012 Business License Adjustments for Advanced Technology Group

MEETING DATE: For Submission onto the April 1, 2014, City Council Regular Meeting Agenda

BACKGROUND INFORMATION: (Attach additional pages if necessary)

See attached:

Memorandum
Request Exhibits

APPROVAL BY CITY MANAGER: JMM APPROVED

PLACED ON AGENDA FOR: 4/1/2014

CITY ATTORNEY APPROVAL REQUIRED: () YES () NO

CITY ATTORNEY APPROVAL: SMY

REMARKS:



TO: John McDonough, City Manager

CC: Karen Ellis, Finance Director

From: John Cruse, Revenue Manager

Date: March 19, 2014 for submission on April 1, 2014 City Council Agenda

Subject: Refund Request - \$6,308.43
2011 & 2012 Business License Adjustments - Advanced Technology Group

Background:

During the 2013 annual Occupational Business License renewal process it was discovered that the client, Advanced Technology Group, had in the past forgotten to deduct out of state sales from their gross receipts. Out of State sales are deductible based on O.C.G.A. 48-13-5. The previous Accountant for the company retired in 2012 and Mr. Amalfard took over the responsibility and discovered the mistake during the 2013 Renewal process. Based on overpayments, the client is requesting a refund of \$6,308.43 for the 2011 and 2012 Tax years.

Recommendation:

Mr. Amalfard provided detailed documentation during a meeting with Donna Salem, Representative from the City Attorney's office of Sandy Springs, and me, on February 20, 2014. The documentation confirmed that for tax year 2011, gross receipts were listed of \$4,373,647.11, of which \$3,099,407.43 were from out of state sales; and for tax year 2012, gross receipts were listed of \$4,279,726.28, of which \$3,508,096.40 were from out of state sales. Given this documentation and the attached information, it is my recommendation that the full \$6,308.43 be refunded to the client.



Advanced Technology Group, Inc.
5600 Roswell Road, Suite 009
Atlanta, Georgia 30342
Tel: (404) 252-9611
Fax: (404) 252-8118
www.atg.org

January 10, 2014

Mr. John D. Cruse
City of Sandy Springs
Revenue/Business License Manager

Mr. Cruse,

Per your request, this letter is to confirm the following revenue information for Advanced Technology Group for years 2011 and 2012.

Year 2011

Total gross out of state sales	\$3099407.43
Total gross state of Georgia sales	\$1274239.68

Year 2012

Total gross out of state sales	\$3508096.40
Total gross state of Georgia sales	\$771629.88

Please feel free to contact me if you have any questions or need additional information.

Best regards,

A handwritten signature in black ink, appearing to read 'Mori Amalfard', is written over a horizontal line.

Mori Amalfard
Advanced Technology Group
404-252-9611 ext. 605

BUSINESS NAME	YEAR	TOTAL TAXES DUE	TOTAL PENALTIES	GRAND TOTAL	COMMENTS
ADVANCED TECHNOLOGY GROUP, INC	2011-2012	(\$5,690.82)		(\$5,690.82)	
ADVANCED TECHNOLOGY GROUP, INC	2011	(\$1,452.79)		(\$1,452.79)	FILED WITH WRONG GROSS RECEIPTS - REFUNDING FULL AMOUNT
ADVANCED TECHNOLOGY GROUP, INC	2012	\$835.19		\$835.19	CORRECTED 2011 TOTALS - REFILING CORRECTED 2012 TOTALS - REFILING
		(\$6,308.43)		(\$6,308.43)	GRAND TOTAL

**CITY OF SANDY SPRINGS
REVENUE DIVISION
WORKSHEET**

BUSINESS NAME **ADVANCED TECHNOLOGY GROUP, INC** ACCOUNT# **436**
 FEE CLASS **10** RATE **0.00145**

PREVIOUS YEAR CALCULATIONS		YEAR	2011	
A. ACTUAL GROSS RECEIPTS FOR PREVIOUS YEAR				\$ 4,373,647.11
(LESS ALLOWABLE DEDUCTIONS FOR PREVIOUS YEAR)				
a. Sales, Use or Excise Taxes				
b. Inter-organizational Sales			\$ 28,336.50	
c. Payment to Sub-Contractors			\$ 262,393.10	
d. Out of State Sales			\$ 451,237.00	
e. Sales Return and Allowances			\$ 21,516.00	
f. TOTAL DEDUCTIONS a THROUGH e				\$ 763,482.60
B. LINE A MINUS LINE F - THIS YOUR TAXABLE GROSS RECEIPTS				\$ 3,610,164.51
C. ESTIMATED TAXABLE GROSS RECEIPTS FOR PREVIOUS YEAR				\$ 2,193,000.00
D. GROSS RECEIPTS ADJUSTMENT (+ OR -)				\$ 1,417,164.51
E. TAX ADJUSTMENT = LINE D x RATE				0.00145 \$ 2,054.88
F. ACTUAL EMPLOYEE COUNT FOR PREVIOUS YEAR				10
G. ESTIMATED EMPLOYEE COUNT FOR PREVIOUS YEAR				9
H. EMPLOYEE ADJUSTED BASE				1
I. EMPLOYEE ADJUSTMENT = LINE (H) x \$13.00 (+ OR -)				\$ 13.00
J. BUSINESS TAX ADJUSTMENT FEE FOR PREVIOUS YEAR (E + I)				\$ 2,067.88
K. 8% REDUCTION				\$ 165.43
L. TOTAL ADJUSTMENT FOR 2011				\$ 1,902.45

This Line must be a minimum of \$20,000

CURRENT YEAR ESTIMATES		YEAR	2012	
1. ESTIMATED GROSS RECEIPTS FOR CURRENT YEAR				\$ 3,500,000.00
LESS ALLOWABLE DEDUCTIONS				
a. Sales, Use or Excise Taxes				
b. Inter-organizational Sales			\$ 29,000.00	
c. Payment to Sub-Contractors			\$ 285,000.00	
d. Out of State Sales			\$ 500,000.00	
e. Sales Return and Allowances			\$ 22,000.00	
f. TOTAL DEDUCTIONS a THROUGH e				\$ 816,000.00
2. LINE 1 MINUS LINE f - THIS YOUR TAXABLE GROSS RECEIPTS				\$ 2,684,000.00
3. STANDARD DEDUCTION				\$ 20,000.00
4. LINE 2 MINUS LINE 3				\$ 2,664,000.00
5. MULTIPLY LINE 4 BY RATE				0.00145 \$ 3,862.80
6. FLAT FEE \$50.00				\$ 50.00
7. NUMBER OF EMPLOYEES				10 \$ 130.00
8. ADMINISTRATIVE FEE				\$ 75.00
9. SUBTOTAL DUE				\$ 4,117.80
10. 8% REDUCTION				\$ 329.42
11. TOTAL DUE FOR 2012				\$ 3,788.38

This Line must be a minimum of \$20,000

TOTAL AMOUNT DUE (LINE 11 + L) **\$ 5,690.83**

Total Penalty and Interest \$ -

TOTAL AMOUNT DUE **\$ 5,690.82**

Total adjusted by \$.01, Client subtracted incorrectly.

10% PENALTY			
1.5% INTEREST	Amount	# of Months	
	\$ 85.36		\$ -

SANDY SPRINGS TAX COMMISSIONER'S OFFICE

**REVENUE DIVISION
REVISED WORKSHEET**

BUSINESS NAME	ADVANCED TECHNOLOGY GROUP, INC	ACCOUNT#	436
FEE CLASS	17	RATE	0.00145

CURRENT YEAR	YEAR	2011			
1. ESTIMATED GROSS RECEIPTS FOR CURRENT YEAR	(Minimum = \$20,000)		\$	4,373,647.11	
LESS ALLOWABLE DEDUCTIONS					
a. Sales, Use or Excise Taxes		\$		-	
b. Interorganizational sales		\$		28,336.50	
c. Payment to subcontractors		\$		262,393.10	
d. Out of state sales		\$		3,099,407.43	
e. Sales return and allowances		\$		55,421.71	
2. TOTAL DEDUCTIONS a THROUGH e			\$	3,445,558.74	
3. LINE 1 MINUS LINE 2 - <i>THIS YOUR TAXABLE GROSS RECEIPTS</i>			\$	928,088.37	
4. ESTIMATED TAXABLE GROSS RECEIPTS FOR PREVIOUS YEAR			\$	2,193,000.00	
5. LINE 3 MINUS LINE 4			\$	(1,264,911.63)	
6. MULTIPLY LINE 5 x CURRENT YEAR'S RATE	0.00145		\$	(1,834.12)	
7. FLAT RATE CHARGE FOR \$0 TO \$20,000 GROSS RECEIPTS			\$	50.00	
8. NUMBER OF EMPLOYEES	10	x \$13.00	\$	130.00	
9. ADMINISTRATIVE FEE			\$	75.00	
10. SUBTOTAL			\$	(1,579.12)	
11. 8% REDUCTION			\$	(126.33)	
12. TOTAL			\$	(1,452.79)	
Total Penalty and Interest			\$	-	
TOTAL DUE			\$	(1,452.79)	

10% PENALTY	Amount	# of Months	
1.5% INTEREST	\$ (21.79)	0	\$ -

SANDY SPRINGS TAX COMMISSIONER'S OFFICE

**REVENUE DIVISION
REVISED WORKSHEET**

BUSINESS NAME	ADVANCED TECHNOLOGY GROUP, INC	ACCOUNT#	436
FEE CLASS	17	RATE	0.00145

CURRENT YEAR	YEAR	2012
1. ESTIMATED GROSS RECEIPTS FOR CURRENT YEAR	(Minimum = \$20,000)	\$ 4,279,726.28
LESS ALLOWABLE DEDUCTIONS		
a. Sales, Use or Excise Taxes	\$	-
b. Interorganizational sales	\$	12,180.25
c. Payment to subcontractors	\$	253,846.40
d. Out of state sales	\$	3,508,096.40
e. Sales return and allowances	\$	35,389.21
2. TOTAL DEDUCTIONS a THROUGH e		\$ 3,809,512.26
3. LINE 1 MINUS LINE 2 - THIS YOUR TAXABLE GROSS RECEIPTS		\$ 470,214.02
4. STANDARD DEDUCTION		\$ 20,000.00
5. LINE 3 MINUS LINE 4		\$ 450,214.02
6. MULTIPLY LINE 5 x CURRENT YEAR'S RATE	0.00145	\$ 652.81
7. FLAT RATE CHARGE FOR \$0 TO \$20,000 GROSS RECEIPTS		\$ 50.00
8. NUMBER OF EMPLOYEES	10 x \$13.00	\$ 130.00
9. ADMINISTRATIVE FEE		\$ 75.00
10. SUBTOTAL		\$ 907.81
11. 8% REDUCTION		\$ 72.62
12. TOTAL		\$ 835.19
Total Penalty and Interest		\$ -
TOTAL DUE		\$ 835.19

10% PENALTY	Amount	# of Months	
1.5% INTEREST	\$ 12.53	0	\$ -

O.C.G.A. § 48-13-5

GEORGIA CODE
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*** Current Through the 2013 Regular Session ***

TITLE 48. REVENUE AND TAXATION
CHAPTER 13. SPECIFIC, BUSINESS, AND OCCUPATION TAXES
ARTICLE 1. GENERAL PROVISIONS

O.C.G.A. § 48-13-5 (2013)

§ 48-13-5. Definitions

As used in this article, the term:

(1) "Administrative fee" means a component of an occupation tax which approximates the reasonable cost of handling and processing the occupation tax.

(1.1)(A) Except as otherwise provided in subparagraph (B) of this paragraph, "employee" means an individual whose work is performed under the direction and supervision of the employer and whose employer withholds FICA, federal income tax, or state income tax from such individual's compensation or whose employer issues to such individual for purposes of documenting compensation a form I.R.S. W-2 but not a form I.R.S. 1099.

(B) An individual who performs work under the direction and supervision of one business or practitioner in accordance with the terms of a contract or agreement with another business which recruits such individual is an employee of the business or practitioner which issues to such individual for purposes of documenting compensation a form I.R.S. W-2.

(2)(A) "Gross receipts" means total revenue of the business or practitioner for the period, including without being limited to the following:

- (i) Total income without deduction for the cost of goods sold or expenses incurred;
- (ii) Gain from trading in stocks, bonds, capital assets, or instruments of indebtedness;
- (iii) Proceeds from commissions on the sale of property, goods, or services;
- (iv) Proceeds from fees charged for services rendered; and
- (v) Proceeds from rent, interest, royalty, or dividend income.

(B) Gross receipts shall not include the following:

- (i) Sales, use, or excise taxes;

(ii) Sales returns, allowances, and discounts;

(iii) Interorganizational sales or transfers between or among the units of a parent-subsiary controlled group of corporations, as defined by 26 U.S.C. Section 1563(a)(1), between or among the units of a brother-sister controlled group of corporations, as defined by 26 U.S.C. Section 1563(a)(2), between or among a parent corporation, wholly owned subsidiaries of such parent corporation, and any corporation in which such parent corporation or one or more of its wholly owned subsidiaries owns stock possessing at least 30 percent of the total value of shares of all classes of stock of such partially owned corporation, or between or among wholly owned partnerships or other wholly owned entities;

(iv) Payments made to a subcontractor or an independent agent for services which contributed to the gross receipts in issue;

(v) Governmental and foundation grants, charitable contributions, or the interest income derived from such funds, received by a nonprofit organization which employs salaried practitioners otherwise covered by this chapter, if such funds constitute 80 percent or more of the organization's receipts; and

(vi) Proceeds from sales of goods or services which are delivered to or received by customers who are outside the state at the time of delivery or receipt.

(3) "Location or office" shall include any structure or vehicle where a business, profession, or occupation is conducted, but shall not include a temporary or construction work site which serves a single customer or project or a vehicle used for sales or delivery by a business or practitioner of a profession or occupation which has a location or office. The renter's or lessee's location which is the site of personal property which is rented or leased from another does not constitute a location or office for the personal property's owner, lessor, or the agent of the owner or lessor. The site of real property which is rented or leased to another does not constitute a location or office for the real property's owner, lessor, or the agent of the owner or lessor unless the real property's owner, lessor, or the agent of the owner or lessor, in addition to showing the property to prospective lessees or tenants and performing maintenance or repair of the property, otherwise conducts the business of renting or leasing the real property at such site or otherwise conducts any other business, profession, or occupation at such site.

(4) "Occupation tax" means a tax levied on persons, partnerships, corporations, or other entities for engaging in an occupation, profession, or business and enacted by a local government as a revenue-raising ordinance or resolution.

(5) "Practitioners of professions and occupations" shall not include a practitioner who is an employee of a business, if the business pays an occupation tax.

(6) "Regulatory fees" means payments, whether designated as license fees, permit fees, or by another name, which are required by a local government as an exercise of its police power and as a part of or as an aid to regulation of an occupation, profession, or business. The amount of a regulatory fee shall approximate the reasonable cost of the actual regulatory activity performed by the local government. A regulatory fee may not include an administrative fee or registration fee. No local government is authorized to require any administrative fee, registration fee, or fee by any other name in connection with a

regulatory fee, except an occupation tax, as defined in paragraph (4) of this Code section. Regulatory fees do not include development impact fees as defined by paragraph (8) of Code Section 36-71-2 or other costs or conditions of zoning or land development.

HISTORY: Code 1981, § 48-13-5, enacted by Ga. L. 1993, p. 1292, § 7; Ga. L. 1995, p. 419, § 1; Ga. L. 1999, p. 749, § 2; Ga. L. 2003, p. 596, § 1.