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STATEMENT OF AUDIT PROCEDURE

GUIDELINES FOR THE USE OF "CONSENT TO TEST PERIOD AUDIT METHOD" FORM IN HOTEL OCCUPANCY TAX AUDITS

BACKGROUND

Taxpayers under audit are entitled to an actual examination and inspection of all records available for the entire audit period. However, because of the large number of records, and significant time needed to review those records, in a typical hotel occupancy tax audit, a taxpayer may prefer that the Audit Division confine its audit to a test period.

This Statement of Audit Procedure provides guidelines concerning the use of test period method in which a representative period, usually one or two days, is selected. All the records for that period are examined, and the findings are then projected for the entire audit period. A taxpayer must complete the attached "Consent to Test Period Method" form in order for a test period to be used.

GUIDELINES

- The Department may only use the test period method with the taxpayer's express consent unless the Department first determines the taxpayer's records are incomplete or unavailable.
- The auditor should remind any taxpayer seeking the use of a test period that they are entitled to a detailed examination of all books and records available for the audit period.
- A signed "Consent to Test Period Method" form must be obtained from the taxpayer before any test period audit starts.