

Questions
Sales & Use Tax – Part I
Sections T & U

1. You commenced an audit on AXY Corporation in September 2004. AXY Corporation has been in business in Kentucky since 1/1/80. However, this taxpayer did not start to file returns until 1/1/01. You conduct the audit and assess the taxpayer for audit periods 1/1/90 through 12/31/04. The taxpayer maintains the Department is not authorized to collect use tax when the period involved is more than four (4) years past the assessment date. (a) Is the taxpayer right? Why or why not? (b) Did the auditor comply with current Department policy?

2. You have been assigned an audit of a firm which has considered itself as a consumer and has not registered with the Department of Revenue. Should your audit period be limited by the four year statute of limitations? Explain.
