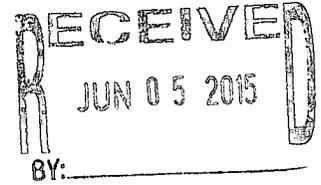


**STATE OF ILLINOIS
INDEPENDENT TAX TRIBUNAL**



**ZANZIBAR LLC)
1036 W. BRYN MAWR AVE.)
CHICAGO, IL 60660-4630)**

ACCOUNT I.D. #3934-1550

15 TT 114

PETITION

ZANZIBAR LLC (“Zanzibar”), by its attorneys, **GIGNILIAT & HYMEN, P.C.**, hereby petitions the State of Illinois Independent Tax Tribunal as follows:

INTRODUCTION

1. In a Notice of Tax Liability dated April 9, 2015, for Form EDA-105-R, (the “Notice”), a copy of which Notice is attached hereto as Exhibit A, the Illinois Department of Revenue (the “Department”) assessed tax liability against Zanzibar. The Notice claimed due for the reporting period of July 1, 2011, through December 31, 2013, the following:

	<u>Liability</u>	<u>Payments/Credit</u>	<u>Unpaid Balance</u>
Tax	38,949.00	0.00	38,949.00
Late Payment Penalty Increase	7,790.00	0.00	7,790.00
Fraud Penalty	19,474.00	0.00	19,474.00
Interest	1,989.82	0.00	1,989.82
Assessment Total	\$68,202.82	0.00	\$68,202.82

2. Zanzibar is an Illinois Limited Liability Company using the Account I.D. number shown above and an FEIN of #26-3362625, having its principal place of business at 1036 W. Bryn Mawr Avenue, Chicago, IL 60660-4630. The manager of Zanzibar is Helen Potakis whose telephone number is 773-443-4945

3. Zanzibar believes that the assessment of tax as shown on the Notice is inaccurate because it is based upon an estimate of sales subject to tax computed by the Department and is far in excess of the actual sales of Zanzibar. The estimate of sales is based upon Zanzibar’s U.S.

Income Tax Return and the cost of goods sold on that return. Zanzibar is managed by a retired school teacher who took over the coffee shop's operations when the tenant abandoned it. The manager is not an experienced restaurant operator, employs students and incurs significant waste in its food service operations, (although over the year efficiency has improved somewhat).

BACKGROUND AND RELEVANT FACTS

4. Zanzibar is a small, family run coffee and sandwich shop in a store front on a neighborhood commercial street. In order to maintain viability of the remainder of the building where Zanzibar is located that is occupied by commercial and residential tenants, Zanzibar took over operations by necessity when the original tenant abandoned the coffee shop. On February 26, 2013, the Department issued its Notice of Tax Liability for the period of January 1, 2009, through June 30, 2011, claiming substantial sales tax liability with facts similar to the present case. Zanzibar contested this assessment, requested an informal conference with the Board of Review, filed a request for a Hearing before the Department and is now awaiting resolution through the Illinois Department of Revenue Board of Appeals.

5. Zanzibar acknowledges that copies of all receipts for the period of January 1, 2009, through June 30, 2011 ("Period 1") and for the period of July 1, 2011, through December 31, 2013 ("Period 2") have not been presented, such sales records having been lost or inadvertently destroyed. Based upon the available verifiable sales records that cover most additional days of Period 1 and Period 2, Zanzibar's reported sales are substantially less than the estimated sales determined by the Department.

6. Zanzibar prepared and timely filed returns based upon the manager's belief that the returns were accurate and included all gross income of Zanzibar.

7. Since the tax liability assessed far exceeds any actual tax liability, the amounts assessed for penalties and interest are excessive. No fraud penalty assessment is warranted.

APPLICABLE LAW

8. Zanzibar relies upon the statutory foundation of the Retailer's Occupation Tax that states that the Retail Occupation Tax shall be based upon the gross retail sales of Zanzibar.

ERRORS

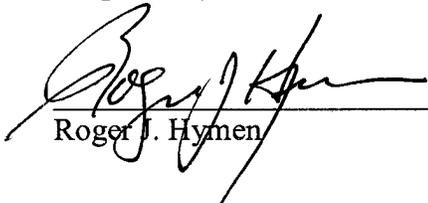
9. Zanzibar alleges that the liability assessed is excessive and that the Department unrealistically estimated an amount of taxable sales far in excess of the actual taxable sales of Zanzibar.

10. Zanzibar maintains records and is able to produce records showing gross sales that are far less than the Department's estimated calculations present.

CONCLUSION AND RELIEF REQUESTED

11. Zanzibar prays that this tribunal find that:
- A. The assessment of tax shown on the Notice is excessive;
 - B. The fraud penalty and late payment penalties should be abated; and
 - C. Interest due, if any, should be reduced and abated.

Respectfully submitted,



Roger J. Hymen

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Notice of Tax Liability

for Form EDA-105-R, ROT Audit Report



#BWNKMGV
#CNXX X143 8X46 9924#
ZANZIBAR LLC
ZANZIBAR
1036 W BRYN MAWR AVE
CHICAGO IL 60660-4630

April 9, 2015



Letter ID: CNXXX1438X469924

Account ID: 3934-1550



We have audited your account for the reporting periods July 01, 2011, through December 31, 2013. As a result we have assessed the amounts shown below.

	<u>Liability</u>	<u>Payments/Credit</u>	<u>Unpaid Balance</u>
Tax	38,949.00	0.00	38,949.00
Late Payment Penalty Increase	7,790.00	0.00	7,790.00
Fraud Penalty	19,474.00	0.00	19,474.00
Interest	1,989.82	0.00	1,989.82
Assessment Total	\$68,202.82	\$0.00	\$68,202.82

If you agree, pay the assessment total as soon as possible to minimize additional penalty and interest. Mail a copy of this notice and your payment with the voucher on the enclosed Taxpayer Statement. By including a copy of this notice, your payment will be properly applied to the audit liability.

If you do not agree, you may contest this notice by following the instructions listed below.

- If the amount of this tax liability, exclusive of penalty and interest, is more than \$15,000, or if no tax liability is assessed but the total penalties and interest is more than \$15,000, file a petition with the Illinois Independent Tax Tribunal within 60 days of this notice. Your petition must be in accordance with the rules of practice and procedure provided by the Tribunal (35 ILCS 1010/1-1, *et seq.*).
- In all other cases that do not fall within the jurisdiction of the Illinois Independent Tax Tribunal, file a protest with us, the Illinois Department of Revenue, and request an administrative hearing within 60 days of the date of this notice, which is June 08, 2015. Submit your protest on Form AH-4, Protest and Request for Administrative Hearing with the Illinois Department of Revenue (available on our website at tax.illinois.gov). Mail form AH-4 along with a copy of this notice to the address on the form. If you do not file a protest within the time allowed, you will waive your right to a hearing, and this liability will become final. An administrative hearing is a formal legal proceeding conducted pursuant to the rules adopted by the Department and is presided over by an administrative law judge. A protest of this notice does not preserve your rights under any other notice.
- Instead of filing a petition with the Illinois Independent Tax Tribunal or a protest with us, the Illinois Department of Revenue, you may instead, under Sections 2a and 2a.1 of the State Officers and Employees Money Disposition Act (30 ILCS 230/2a, 230/2a.1), pay the total liability under protest using Form RR-374, Notice of Payment Under Protest (available on our website at tax.illinois.gov), and file a complaint with the circuit court for a review of our determination.

If you do not protest this notice or pay the assessment total in full, we may take collection action against you for the balance due, which may include levy of your wages and bank accounts, filing of a tax lien, or other action to satisfy your liability.

If you have questions, write or call us weekdays between 8:00 a.m. and 4:00 p.m. Our contact information is listed below.

BUREAU OF AUDITS
TECHNICAL REVIEW SECTION
ILLINOIS DEPARTMENT OF REVENUE
PO BOX 19012
SPRINGFIELD IL 62794-9012

217 785-6579

Exhibit
A