ILLINOIS INDEPENDENT
TAX TRIBUNAL

UUSI, Inc.	)	
Petitioner,	)	
v.	)	**Chief Judge James M. Conway**
Illinois Department of Revenue,	)	**No. 16-TT-13**
Respondent.	)	

ANSWER

The Department of Revenue of the State of Illinois, by and through its attorney, Lisa Madigan, Attorney General of the State of Illinois, answers the Taxpayer's Petition as follows:

Tax Years 2012-2014

INTRODUCTION

1. The "Notice" was issued on November 20 2015 assessing an amount of $38,367 in tax, $8,008 in penalties and $1,659 in interest. A copy of the Notice is attached as Exhibit A.

> **ANSWER:** The Department states that the Notice, attached as Exhibit A, speaks for itself. Further clarifying, the Notice assesses tax of $38,367.00, a Late Payment Penalty Increase of $7,673.00, a Late Filing Penalty Increase of $335.00, and Interest of $1,659.45. Otherwise, the factual allegations contained with Paragraph 1 are admitted.

2. Petitioner is an Illinois Corporation with its principal place of business in Chicago, Illinois.

> **ANSWER:** The information contained in Paragraph 2 is required by Illinois Tax Tribunal Regulations Section 310(a) (86 Ill. Admin. Code §5000.310) and is not a material allegation of fact that requires an answer under Section 310(b)(2) of the Tax Tribunal Regulations. The Department admits the factual allegations contained within Paragraph 2.

3. The business is located at 321 North Justine, Chicago Illinois. The telephone number is 773-575-8220. The taxpayer's email is. The Taxpayer Account number is 4027-9782.

> **ANSWER:** The information contained in Paragraph 3 is required by Illinois Tax Tribunal Regulations Section 310(a) (86 Ill. Admin. Code §5000.310) and is not a material allegation of fact that requires an answer under Section 310(b)(2) of the Tax Tribunal Regulations. The Department denies the email address, as it is not stated. Otherwise, the Department admits the factual allegations contained within Paragraph 3.

BACKGROUND AND RELEVANT FACTS

4. Petitioner has filed Form ST-1 for all period for 2012 through 2014.

ANSWER: The Department admits the factual allegations contained within Paragraph 4.

5. Each ST-1, incorrectly, listed Illinois Sales on Line 1, instead of Gross Sales.

ANSWER: The Department denies the factual allegations stated within Paragraph 5. Further answering, due to a lack of books and records, the auditor used his best information and judgment, as indicated in the audit file. *See 35 ILCS 120/4.*

6. The Petitioner also failed, on Schedule A Line 5, to list interstate sales (sales outside of Illinois).

ANSWER: The Department denies the factual allegations stated within Paragraph 6. Further answering, the Department adds that the auditor was unable to verify that the Petitioner had made any interstate sales. Due to a lack of books and records, the auditor used his best information and judgment, as indicated in the audit file. *See 35 ILCS 120/4.* Further, the Department demands proof of the factual allegations stated within Paragraph 6.

7. The net result, however, is the ***correct*** tax was reported and paid as the Taxpayer listed all Illinois Sales on Line 1 and did not further deduct non-Illinois sales.

ANSWER: The Department denies the factual allegations stated within Paragraph 7. Further answering, the Department adds that the auditor was unable to verify if the Petitioner reported and paid the correct tax due. Due to a lack of books and records, the auditor used his best information and judgment, as indicated in the audit file. *See 35 ILCS 120/4.* Further, the Department demands proof of the factual allegations stated within Paragraph 7.

APPLICABLE LAW

8. Taxpayer agrees the Illinois Sales Tax is to be imposed on Illinois Sales.

ANSWER: The Department states that Paragraph 8 contains a legal conclusion, not a material allegation of fact. To the extent an answer is needed, admitted.

9. Taxpayer agrees the filed ST-1 's were completed incorrectly BUT the Taxpayer maintains Illinois received the correct amount of Illinois Sales Tax based upon Illinois's sales.

ANSWER: The Department denies the factual allegations stated within Paragraph 9. Further answering, the Department adds that the auditor was unable to verify the correct amount of Illinois Sales Tax. Due to a lack of books and records, the auditor used his best information and judgment, as indicated in the audit file. *See 35 ILCS 120/4.* Further, the Department demands proof of the factual allegations stated within Paragraph 9.

ERROR

10. The Department's Audit Results incorrectly include Illinois Sales Tax on ***non-Illinois*** sales.

ANSWER: The Department denies the factual allegations stated within Paragraph 10. Further answering, the Department adds that the auditor was unable to verify Illinois Sales Tax on non-Illinois sales. Due to a lack of books and records, the auditor used his best information and judgment, as indicated in the audit file. *See 35 ILCS 120/4.* Further, the Department demands proof of the factual allegations stated within Paragraph 10.

11. As a result, the liability as shown on the Notice of Tax Liability is incorrect and the Taxpayer's Illinois sales tax for tax years 2012-2014 was correctly paid in full.

ANSWER: The Department denies the factual allegations stated within Paragraph 11. Due to a lack of books and records, the auditor used his best information and judgment, as indicated in the audit file. *See 35 ILCS 120/4.* Further, the Department demands proof of the factual allegations stated within Paragraph 11.

CONCLUSION AND RELIEF REQUESTED

WHEREFORE, the Department respectfully requests this Tribunal:

a. Deny each prayer for relief in the Petition;

b. Find that the Department's Notice correctly reflects the Petitioner's liability including interest and penalties;

c. Enter judgment in favor of the Department and against the Petitioner; and

d. Grant any further relief this Tribunal deems just and appropriate.

Dated: February 9, 2016

Respectfully submitted,
Illinois Department of Revenue

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