

The background of the slide features a stack of numerous white papers, each with a different colored tab (red, blue, green, yellow, etc.) protruding from the top. To the right of the papers, a black calculator with a green display screen is visible. The entire scene is set against a blurred background of white office cabinets. A large, dark grey diagonal shape overlaps the bottom left corner of the image, serving as a background for the text.

**Understand  
Tax Exposure  
and Unlock Cost  
Savings With BDO**

Increasingly complex tax regulations coupled with business models that frequently cross state lines mean that today's technology companies face evolving risks. Tech companies and their management teams seek ways to remain competitive and compliant while avoiding excessive sales tax assessments stemming from the common – though often misunderstood – nature of their enterprises.

**Tech companies aren't slowing down when it comes to innovation.** As these businesses rapidly grow and expand, maintaining compliance with state and local tax (SALT) regulations becomes complicated. Further, many tech organizations work and conduct business remotely, making nexus determination burdensome.

But BDO is here to help.

BDO breaks down and understands even the most complex tax regulations and how they apply to an evolving technology industry. Our tailored approach factors in your company's unique challenges to better quantify your sales tax exposure, mitigate risk, reduce liabilities where we can, and efficiently manage compliance. Our highly experienced [sales and use tax professionals](#) collaborate with you and your team to streamline internal workflows, build trust, and achieve your desired results.

#### OUR TEAM OFFERS:

- ▶ Sales and use tax compliance services
- ▶ Refund review services
- ▶ Audit defense services
- ▶ Exposure mitigation
- ▶ Exemption analysis and management
- ▶ Taxability research
- ▶ Restructuring and transaction planning
- ▶ Transaction tax function optimization
- ▶ Sales tax automation

Read on to see how BDO helped one tech company challenge a state's sales tax assessment. ▶

# CASE STUDY

## Reducing a Sales Tax Audit by 94% for an Online Ticketing Platform

### Client Situation and Challenge

An online ticketing service provider sought assistance to reduce its sales tax liability after an audit by a taxing jurisdiction. The jurisdiction's initial workpapers showed a liability of more than \$5 million, but the ticketing service provider believed that liability was incorrect based on the jurisdiction's misinterpretation of how the business model worked and should be taxed.

The company, which provides online ticketing services in the entertainment and special events industries and sold millions of tickets in the U.S., needed help explaining to the taxing jurisdiction how it operated and how its contracts with venues should be interpreted for sales tax purposes.

The ticketing company thought the sales tax auditor's initial assessment was based on a limited understanding of how ticket sales were conducted and that the audit failed to consider the complexities of a digitally native business, resulting in an excessive sales tax assessment.

### BDO Solution

The ticketing company engaged BDO to help reduce its sales tax liability. Through an in-depth assessment and application of technical sales tax knowledge, BDO identified the root issue. BDO found that the state was attempting to tax ticket transactions processed on the client's platform even though the venues were likely paying sales taxes on the ticket sales.

To adjust, BDO engaged in conversations with the taxing jurisdiction and wrote a memo to the tax authority explaining the ticketing company's contracts with venues and how that affected sales tax interpretations. To reduce the sales tax liability, BDO thoroughly reviewed the company's structure to understand its business model and make informed, defensible arguments regarding how the company's contracts worked.

The ability of BDO's tax professionals to understand SALT treatments resulted in the proper identification of underlying issues and client-specific pain points that led to the client's desired resolution.

### Project Outcome

BDO's comprehensive understanding of SALT regulations and productive dialogue with the state helped the client reduce its liabilities. BDO later filed an appeal for the remaining liability, ultimately **reducing the sales tax audit** amount by approximately **94%** to an assessment of about **\$300,000**.



# Overcome Your Taxation Hurdles

Whether you want to better understand your exposure, reduce your tax liability, or negotiate with tax authorities to dispute the results of an audit, our global network of tax professionals can provide customized support.

## CONTACTS

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At BDO, our purpose is helping people thrive, every day. Together, we are focused on delivering exceptional and sustainable outcomes — for our people, our clients and our communities. Across the U.S., and in over 160 countries through our global organization, BDO professionals provide assurance, tax and advisory services for a diverse range of clients.

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