ROBERT S. SEGAL, CPA PA
EXPENSE REDUCTION & REVENUE ENHANCEMENT

e-NEWS

Need Revenue?

June 2008

Is your municipality getting all the franchise tax you're owed?

Every municipality in North Carolina should be concerned about how the utilities determine sales within municipal boundaries. In addition, those municipalities with a history of annexations should be especially concerned because any utility customer that is not properly coded within the municipality results in a loss of municipal revenue. In fact, the amount of lost municipal revenues is approximately equal to 3% of the utility company sales to each miscoded business, industrial and residential customer. This dollar amount can be significant when large annexations are involved.

How the Tax Works

In the State of North Carolina, utility companies--natural gas, electricity and telecommunication companies--are required by General Statute 105 to collect a utility franchise tax, based on the company's taxable gross receipts. The North Carolina Department of Revenue collects the taxes then distributes to those municipalities the franchise tax on sales within that jurisdiction. The key is having those sales properly coded to the municipality.

We Help You Find More Franchise Tax Revenues

Robert S. Segal, CPA PA can review the utility accounts to ensure that they include all customers within your municipality. We report to each utility any accounts that should be coded to your municipality but are not. The utility company would then recompute its sales within your municipality for the past three years and amend its filings with the Department of Revenue, resulting in additional one-time revenue to your municipality. Moreover, by correcting the utility company coding, your municipality will receive more future franchise taxes.

See Other Ways We Find Money on Our Website

You can learn more about us and our revenue enhancement/expense reduction services at http://www.segalcpa.com/. We're the only CPA firm in North Carolina helping cities, counties, and school districts find money.

Get More Franchise Tax

Please visit our exhibit at the NCCCMA meeting in Asheville.

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