

sales tax reimbursement). Therefore, appellant knew or must have known that he was underreporting his total and taxable sales.


Appellant has not made any specific arguments refuting the negligence penalty. Respondent’s evidence, however, substantiates a finding that appellant did not have a good faith and reasonable belief that his bookkeeping and reporting practice were in substantial compliance with the requirements of the Sales and Use Tax Law. Appellant’s inadequate books and records, the material understatement, and reporting errors are sufficient to support respondent’s imposition of the negligence penalty, despite being appellant’s first audit. Therefore, the negligence penalty was properly applied.

HOLDINGS

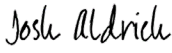
1. An adjustment to the measure of unreported taxable sales is not warranted.
2. An adjustment to the amount of disallowed claimed sales for resale is not warranted.
3. The negligence penalty was properly imposed.


DISPOSITION

Respondent’s action in denying appellant’s petition for redetermination is sustained.

DocuSigned by:

 F595D34048D0470...
 Lauren Katagihara
 Administrative Law Judge

We concur:

DocuSigned by:

 48746BB806044B4...
 Josh Aldrich
 Administrative Law Judge

DocuSigned by:

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 Suzanne B. Brown
 Administrative Law Judge

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