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State and Local Tax Event: Establishing Residency Outside of California – Minimizing the Impact of a Residency Audit

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Accountants and Business Advisors

June 2013

California Residency - Summary of Key California Tax Provisions

Executive Summary

The purpose of this summary is to outline the main California income tax provisions when a California resident plans to establish residency outside of California. The main areas are as follows:

1. Statutory Presumptions – six or nine month presumption depending on situation. An individual may still be deemed a resident or non-resident even if number of day threshold is exceeded or not exceeded based on judicial and administrative guidance.
2. Judicial/Administrative – Temporary or transitory visitor needs to maintain daily life outside of California.
3. Sourcing of Gain/Loss from Investments – Investments held by individuals are generally sourced to location of residency unless the investment has created a situs in California.
4. Non-residents are taxed in California on California source income from wages and distributions of California source income from flow thru entities (e.g. partnerships)

Background

California residency issues are one of the top five audit areas for the California Franchise Tax Board ("FTB"). An individual could be a resident of California but not domiciled in California and conversely, an individual maybe domiciled in California but not resident in the state. Residency determines what income is taxable in California.

Generally, residents of California are taxed on worldwide income no matter where derived. Nonresidents are generally taxed only on income derived from California sources. The state will look at both the statutory authority as well as the judicial and administrative authority in California in order to determine state of residency on audit. Therefore, it is important that an individual be aware of each of the areas that the state will focus on during a residency audit.

How does California determine Residency?

Statutory Guidance

California law provides that the state in which the individual has the closest connection is deemed the place of residence. Under California law there are two rebuttable presumptions of residency:

1. The first presumption is that, a taxpayer, who in aggregate spends more than nine months of the taxable year in California, is deemed to be a California resident.
2. The second presumption is that an individual whose presence in California does not exceed six months within a taxable year and who maintains a permanent home outside of California is not considered a California resident provided the taxpayer does not engage in any activity within the state other than as a seasonal visitor, tourist or guest (i.e. temporary or transitory).

Time spent in California is only one factor to be considered as an indication of the purpose of the visit. For tax purposes, a residency determination depends upon an overall determination of the individual's "closest connections" during the taxable year. The connections which a taxpayer maintains in California and other states are important objective indications of whether presence in or absence from California is a for a "temporary or transitory purpose." Such connections are important both as a measure of the benefits and protections which the taxpayer received from the laws and government of California, and also as an objective indication of whether the taxpayer entered or left the State for temporary or transitory purposes.

Continued on next page

Judicial and Administrative Precedent

In addition to the statutory presumptions above, California will also look at a variety of other factors in determining residence. Note that simply meeting one of the presumptions above does not automatically determine state of residency, however, the taxpayer is required to rebut the presumption that they either are or are not a resident of California.

In the Appeal of Stephen D. Bragg, 2003-SBE-002, May 28, 2003, the California Board of Equalization ("BOE") included the following list of factors, which while not exhaustive, inform taxpayers of the type and nature of connections the BOE and FTB find informative when determining residency:

1. The location of all of the taxpayer's residential real property, and the approximate sizes and values of each of the residences.
2. The state wherein the taxpayer's spouse and children reside.
3. The state wherein the taxpayer's children attend school.
4. The taxpayer's telephone records (i.e., the origination point of taxpayer's telephone calls).
5. The number of days the taxpayer spends in California versus the number of days the taxpayer spends in other states, and general purpose of such days (i.e. vacation, business, etc.).
6. The location where the taxpayer files his tax returns, both federal and state, and the state of residence claimed by the taxpayer on such returns.
7. The location of the taxpayer's bank and savings accounts.
8. The origination point of the taxpayer's checking account transactions and credit card transactions.
9. The state wherein the taxpayer maintains memberships in social, religious, and professional organizations.
10. The state wherein the taxpayer registers his automobiles
11. The state wherein the taxpayer maintains a driver's license.
12. The state wherein the taxpayer maintains voter registration and the taxpayer's voting participation history.
13. The state wherein the taxpayer obtains professional services, such as doctors, dentists, accountants, and attorneys.
14. The state wherein the taxpayer is employed.
15. The state wherein the taxpayer maintains or owns business interests.
16. The state wherein in the taxpayer owns investment real property.

Other Important Factors To Consider

1. Individuals who sell intangible interests or generate income from holding intangible assets (e.g. interest and dividends) are generally required to allocate the income to the state where the intangible asset creates a situs (i.e. management, used as collateral, etc.).
2. Nonresidents of California could still derive income from California sources to the extent property sold or intangible assets sold have created a situs in California.
3. Nonresidents of California who perform services in California would still be taxed in California on wages earned for services performed in the state.
4. Assets can create a taxable situs in the state if 1) located in the state as the case is with tangible personal property, 2) if the asset is managed in the state and 3) if the asset has been pledged as collateral with a California bank. &

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Establishing Residency Outside of California – Minimizing the Impact of a Residency Audit

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About Green Hasson Janks

At Green Hasson Janks, we believe that collaboration is the foundation for success. We work as a business advocate for our clients – providing personalized service and building long-term relationships to help position our clients for the future.

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- Named a "2012 Best of the Best" firm by Inside Public Accounting
- Named "Best Places to Work" by the Los Angeles Business Journal 2008, 2009 , 2011 and 2012
- Named a "Beyond the IPA 100 Firm" by Inside Public Accounting
- Named a "Fastest-Growing" firm in the 2012 and 2011 Beyond the IPA 100 rankings
- Named "Beyond the Top 100: Firms to Watch" and "Top Firms: West" in the 2013 Accounting Today Top 100 Firms
- Ranked 20th largest CPA firm in Los Angeles County 2012
- Diverse firm of 12 partners and approximately 100 staff

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Agenda

- Introduction
- Residency Law and Concepts
- Sourcing of Income Law and Concepts
- Change of Residency Examples
- Questions

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Introduction

- California residency audits are one of the top five Franchise Tax Board audit areas
- The state spends a considerable amount of time and resources on educating its auditors on change of residency issues
- High net worth individuals are the prime target for a residency audit as are executives in businesses based in California
- Residency audits are time consuming and documentation intensive
- Very important that those wishing to change their state of residency understand California's complex residency and sourcing of income concepts
- Those wishing to change their state of residency need to "commit" 100%

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Residency Law and Concepts

California Law defines a resident as:

1. Every individual who is in this state for other than a temporary or transitory purpose; and
2. Every individual domiciled in this state who is outside the state for a temporary or transitory purpose

California looks to the state where the taxpayer has the "closest connection"

Residency determines what income is taxable in California

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Presumption of Residency

There is a rebuttable presumption of residency in California when a taxpayer spends:

1. In aggregate more than nine months in California within the taxable year provided the time spent in California is temporary or transitory in nature
2. In aggregate more than six months in a taxable year when the time spent in California is not as a seasonal guest, tourist or visitor and;
   a) The taxpayer is domiciled outside of California
   b) Maintains a permanent place of abode at his/her domicile

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Presumption of Residency (cont.)

The following connections with California should not by themselves cause a seasonal visitor, tourist or guest to lose his or her residency status:

1. Owning or maintaining a home in California
2. Opening a bank account to pay personal expenses
3. Having a membership in local social clubs

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Temporary or Transitory Purpose

An individual is generally considered in California for a temporary or transitory purpose and therefore an nonresident of California if he or she is:

1. Simply passing through the state
2. Here for a brief rest
3. Here for a vacation even if an extended one
4. Here for a brief period to complete a particular transaction, perform a particular contract, or perform a particular engagement

Examples of a Temporary or Transitory Purpose include:

1. Visiting California vacation home during the year
2. Short term temporary work assignments or longer term if only connection with state is W-2 wages

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Temporary or Transitory Purpose (cont.)

An individual will be considered to be in California for other than a temporary or transitory purpose and therefore a resident if he or she is in this state:

1. To recuperate from injury or illness for a relatively long period of time or indefinitely
2. For a business purpose which will require a long or indefinite period to accomplish
3. For employment in a position that may last permanently or indefinitely
4. For retirement with no intention of leaving shortly

Examples of Other than a Temporary or Transitory Purpose include:

1. Moving to California for medical reasons
2. Longer term vacation visits where intention is to retire in California
3. Change in employment contract where employee is now "based" in a California office

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California Will Look at State With Closest Connection to Determine Residency

- Location of residential property
- State where taxpayers spouse and children reside
- State where children go to school
- Location of taxpayer's telephone records
- Location where state tax returns are filed
- Location of bank and savings account
- State where taxpayer maintains social, religious and professional organizations
- State where automobiles are registered
- State where driver's license is issued
- State where taxpayer is registered to vote
- State where taxpayer obtains professional services
- State where taxpayer is employed
- State where taxpayer maintains business interests
- State where taxpayer maintains professional licenses
- State where taxpayer owns real property
- Affidavits from individuals associated with taxpayer

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Residency Law and Concepts

California Law defines a nonresident as:

'Every individual other than a resident'

An individual and spouse who are domiciled in this state but are absent from this state for an uninterrupted period of at least 546 days (18 months) under an employment related contract shall be considered outside of California for other than a temporary or transitory purpose and a nonresident of California. A taxpayer's return for up to 45 days during the tax year will be disregarded in determining the 546 consecutive days. However, this definition does not apply if:

1. Has income of $200,000 or more from intangible assets during the time period or;
2. If the principal purpose of the visit is tax avoidance

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Sourcing of Income Law and Concepts

- California residents are taxed on income from all sources regardless of where derived
- Nonresidents are taxed only on income from California sources. The word "source" pertains to the place of origin
- Income includes:
  - Income from real and tangible personal property located in California
  - Income from a trade or business
  - Income from partnerships, S Corporations and certain trusts
  - Income from intangible property
  - Capital gains and losses
  - Income from personal services including W-2 wages
  - Sick leave, vacation pay, bonuses and severance pay
  - Pension, profit sharing, stock bonus plans and deferred compensation plans
  - Employee stock options
  - Estates and trusts
  - Royalties and residuals

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Sourcing of Income Law and Concepts (cont.)

Income from Real and Tangible Personal Property ("TPP") located in California that is sourced to this state:

1. Rental income from real property and TPP located in California
2. Gains realized on the sale of such property regardless of where the sale is consummated
3. Any other type of income from the ownership, control or management of such property regardless of whether a trade or business is conducted in California

Planning Opportunity

An opportunity may exist to structure the sale of real property or TPP as the sale of an intangible asset.

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Sourcing of Income Law and Concepts (cont.)

Income from a Business, Trade or Profession is California source if:

1. The business is carried on wholly within California. No portion of business carried on wholly outside of California is deemed California source income
2. Income from separate trade or business that is not unitary with other business activities of a nonresident is sourced to California if that business activity is conducted in the state
3. Income from a unitary trade or businesses is apportioned to California if the activity is performed partly within and without California

Planning Opportunity

Nonresident individuals with separate and distinct businesses operating both within and without California could benefit by conducting the business in a legal entity structure.

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Sourcing of Income Law and Concepts (cont.)

Income from Partnerships, S Corporations and Certain Trusts:

1. A nonresidents distributive share of California source income from a partnership, S Corporation or simple trust
2. The determination of source is done at the entity level based on the entity's activity both within and without California
3. Special rules apply to guaranteed payments to nonresident partners. Generally, guaranteed payments are treated as a distribution of partnership income
4. To the extent that the guaranteed payments are for services provided to the partnership, then 60% is treated as compensation for services sourced to where the services are performed and the remaining 40% as partnership source income

Planning Opportunity

Structuring the sale of a partnership as either a sale of assets or a sale of an intangible could substantially change the California tax implications to the seller.

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Sourcing of Income Law and Concepts (cont.)

Income from Intangible Property:

1. Income of nonresidents from stocks, bonds, notes or other intangible property are not sourced to California unless the intangible creates a situs in California
2. California applies the doctrine of "mobilia sequuntur personnam" or "movables follow the person"
3. A business situs is acquired in California if:
   - Property is employed as capital in California
   - Possession or control of property is localized or attaches to a business in California
   - Examples include pledging an asset as security against a loan for a California business or maintaining a California bank account for purposes of paying expenses associated with a California business
4. The sourcing of gain or loss from the sale of intangible property is determined at the time of the sale or disposition of the property

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Sourcing of Income Law and Concepts (cont.)

Capital Gains and Losses:

1. Only California source capital losses can be used to offset California source capital gains
2. If a taxpayer has capital losses that were generated at a time they were a California resident, these capital losses will need to be restated as if they were a nonresident of California for all prior years ("Move-Out Rule")
3. If a taxpayer has capital losses that were generated at a time they were a nonresident of California, these capital losses will need to be restated as if they were a California resident for all prior years ("Move-In Rule")

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Sourcing of Income Law and Concepts (cont.)

Allocation of Compensation:

1. Compensation, including W-2 wages are generally sourced to the state where the services were performed
2. If compensation is received when the taxpayer is a California resident then the compensation is taxed in California regardless of where the services are performed ("Move-In Rule")
3. If compensation if received when the taxpayer is a nonresident of California, then the compensation is sourced to where the services were performed ("Move-Out Rule")
4. Special sourcing rules apply to the following situations:
   - Sales agents paid on a commission basis
   - Employees paid on a mileage basis
   - Actors, Singers, Entertainers
   - Attorneys, Accountants, Doctors, etc.
5. In most cases, California will look at the number of working days in California over the number of working days everywhere to determine the amount of income sourced to California for salaried personnel

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Sourcing of Income Law and Concepts (cont.)

Sick Leave, Bonuses, Vacation Pay and Deferred Compensation Plans

1. Earned by a nonresident for services performed in California are treated as California source income
2. Severance pay earned by a nonresident for services performed in California prior to the nonresident separation from employment is also California source income
3. If a taxpayer is a California resident at the time the sick pay, bonuses or vacation pay are paid, then the income is subject to tax in California
4. Income from deferred compensation plans are treated as income from the performance of personal services and sourced accordingly

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Sourcing of Income Law and Concepts (cont.)

Pension, Profit Sharing, Stock Bonus Plans and IRAs:

1. California does not tax qualified retirement income as of January 1st, 1996 of a nonresident even if the income relates to services performed while in California
2. California does not tax IRA distributions to nonresidents
3. Payments to employees under a nonqualified deferred compensation plan are considered payments for services. Payments are sourced to the state where the services are performed. If services were performed partly in California and partly without, then a portion of the deferred compensation should be sourced to California based on a reasonable method (e.g. number of days)

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Sourcing of Income Law and Concepts (cont.)

Stock Option Plans:

1. California treats the exercise of a nonstatutory stock option as income from personal services and sourced based on where the services were performed. If services are performed both within and without California then an allocation of the income is done based on number of days from grant period to exercise date
2. If a taxpayer exercises an incentive stock option while a California resident or nonresident and subsequently sells stock in a qualifying disposition while a nonresident then the sale or disposition is treated as the sale of intangible property sourced to the resident domicile of the taxpayer
3. If the taxpayer exercises an incentive stock option plan while a California resident or nonresident and subsequently sells stock in a disqualifying disposition while a nonresident then the sale is treated similar to the sale of a nonstatutory stock option (e.g. wage income)

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Sourcing of Income Law and Concepts (cont.)

Estates and Trusts:

1. Income from trusts or estates distributed or distributable to nonresident beneficiaries is California source income only if the income of the estate or trust is derived from California sources
2. The determination as to whether or not income generated from a California estate or trust is taxable to a nonresident is made in the same manner as it would be for a decedent or grantor
3. Nonresident beneficiaries are deemed to be the owner of intangible property owned by the estate or trust. Therefore, under "mobilia sequuntur personnam" the income from such property is excluded as California source unless the asset has created a situs in California

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Sourcing of Income Law and Concepts (cont.)

Royalties and Residuals:

- Generally there two types of Royalties
  1. Income received from the performance of services.
  2. Income received from the sale of rights to an independently finished product.
- Income received from the performance of services is sourced based on where the services were performed. Applies to residual income for television and movie production.
- Income from the sale of rights to an independently finished product (e.g. copyright) are sourced based on the intangible property rules (e.g. resident domicile).

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Change of Residency Examples

Facts:

- Charlie a resident of Nevada in 2013 derives income from the following sources:
  - W-2 wages of $200,000 as an engineer with 30% of his work performed in California.
  - Partnership distributions of $100,000 from a joint venture that operates partly within and partly without California. The partnership's California activity is 25% of its overall activity.
  - Gain of $100,000 on the sale of an apartment located in Nevada
  - Income of $5,000 on the sale of stock in two multinational corporations

Question:

How much, if any, of Charlie's income should be sourced to California and what is the correct method for each income stream?

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Change of Residency Examples (cont.)

California Source

- Time spent method
  - W-2 wages of $60,000
- Partnerships business activity
  - Partnership Distributions of $25,000

Total California Source - $85,000

Non California Source

- Time spent method
  - W-2 wages of $140,00
- Partnerships business activity
  - Partnership Distributions of $75,000
- Location of real property
  - Gain of $100,000 on the sale of Nevada apartment
- Resident domicile for intangible assets
  - $5,000 on the sale of stock

Total Non California Source - $320,000

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Change of Residency Examples (cont.)

Facts:

- Jane a resident of Florida in 2013 derives income from the following sources:
  - Distributions of $2,000,000 from a S corporation with 10% of its activity in California
  - Partnership distributions of $500,000 from a joint venture that operates partly within and partly without California. The partnership's California activity is 40% of its overall activity
  - Distribution of $1,000,000 from partnership that sold its assets. The partnership's California business activity is 25% of its overall activity
  - Sale of a partnership interest generating $500,000 to Jane. The partnership's California activity is 20% of its overall activity

Question:

How much, if any, of Jane's income should be sourced to California and what is the correct method for each income stream?

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Change of Residency Examples (cont.)

California Source

- S Corp's business activity
  - S Corp distribution of $200,000
- Partnerships business activity
  - Partnership distributions of $200,000
- Partnerships business activity
  - Income from sale of partnership's assets of $250,000

Total California Source - $650,000

Non California Source

- S Corp's business activity
  - S Corp distribution of $1.8 million
- Partnerships business activity
  - Partnership Distributions of $300,000
- Partnerships business activity
  - Income from the sale of partnership's assets of $750,000
- Resident domicile for intangible assets
  - Sale of partnership interest of $500,00

Total Non California Source - $3,350,000

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Questions?

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Addendum

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Akash Sehgal leads the firm's state and local tax practice with a focus on multistate income and franchise tax, sales and use tax and credits and incentives. He has over fifteen years of state and local tax experience with two Big 4 firms in Los Angeles and Seattle.

Akash assists his clients on complex state and local tax issues related to transactional planning, mergers and acquisitions, general day-to-day consulting and compliance. His experience includes handling state tax issues in California, Oregon, Idaho and Washington and local city taxes including the Los Angeles City Business Tax. He is a frequent speaker for a variety of tax associations including Tax Executive Institute ("TEI") and the Council on State Taxation ("COST").

Akash has a Bachelor of Science degree in accounting from California Polytechnic University, Pomona.

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Farshad Yashar has over 20 years of tax experience with two major accounting firms. He has extensive experience in taxation of corporations, flow-through entities, financial products and real estate. His experience includes advising buy and sell-side clients with respect to tax aspects of Mergers and Acquisition transactions and corporate restructurings and taxation of executive compensation. Farshad also has substantial experience in taxation of flow-through entities including advising major private equity funds, hedge funds and other investment partnerships with respect to proper structuring and tax aspects of operating agreements.

Farshad is a graduate of California State University-Northridge where he received his Bachelor of Science degree in Business Administration. He has also received a Masters in Business Administration and a Masters in Taxation. Farshad is a Certified Public Accountant and a Chartered Financial Analyst. He is a member of the American Institute of Certified Public Accountants and the CFA Institute.

Farshad and his wife reside in Brentwood with their three children. His personal interests include politics and tennis.

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- Cost Segregation
- Individual and Corporate Tax Planning

Patrizia Copping has over twenty-five years of experience in public accounting providing tax consulting services to a wide range of clients. She has extensive experience in real estate, LLC's, partnerships, trusts, family-owned closely-held businesses, high net worth individuals, nonprofit organizations and private foundations. She represents clients before the Internal Revenue Service, the Franchise Tax Board and other taxing authorities.

Patrizia is the partner in charge of tax research, planning and review for tax exempt organizations including IRS Forms 990, 990-T, 990-PF, State of California Forms 199, 109 and State of California Attorney General Form RRF-1, and various other state returns.

Patrizia holds a Master of Science degree in taxation from Golden Gate University and earned her bachelor's degree in accounting from California State University-Northridge. She is a member of the California Society of CPAs and the American Institute of Certified Public Accounts.

Green Hasson Janks

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Related Industries & Services

- Practice Leader, Tax Services
- International Tax Planning
- Tax Planning and Compliance
- Entertainment
- Real Estate
- Mergers & Acquisitions
- Waste Management

Polina Chapiro has over 30 years of tax and accounting experience in the areas of corporate reorganizations, mergers and acquisitions (due diligence, agreements, negotiation), taxation of multinational companies (foreign tax credit, structuring, repatriation planning), partnership and S corporations taxation, income tax provisions, tax audits at the federal and state level and negotiations with the IRS, state and foreign tax authorities.

Ms. Chapiro has extensive experience in the real estate, entertainment and technology industries and has held management positions as Director of International Tax with a private equity firm where she was responsible for all tax aspects of the international M&A transactions and Director of Tax for a public company in the Southern California area. Ms. Chapiro was formerly a Tax Partner with a Big Four accounting firm, which included a two-year expatriate assignment in Europe.

As head of the firm's Tax Department, she is responsible for managing all administrative, technical and personnel functions of the department.

Ms. Chapiro is a member of the International Tax Forum, Society of Trust & Estate Professionals, International Tax Club, California CPA Society, and the American Institute of Certified Public Accountants and a frequent speaker on international tax topics. She is actively involved in the community and has served on the boards of a number of civic and charitable organizations in Southern California.

Ms. Chapiro earned her Bachelor of Science Degree in Accounting and Finance from the University of California Berkeley, HAAS Business School and a Masters in Taxation from Golden Gate University.

Recent Speaking Engagements

California CPA Society Entertainment Conference – June 2013
STEP Pacific Rim Conference – May 2013
International Tax Forum – January 2013
STEP Los Angeles – 2012
International Tax Forum - 2010
Los Angeles County Bar/California CPA Society, Tax Night 2009

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Richard Ruvelson
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Related Industries & Services

- Nonprofit Tax and Consulting

Richard Ruvelson has nearly 30 years of experience in providing tax services to nonprofit clients, including public and private colleges and universities, hospitals and hospital systems, supporting organizations, private foundations, and religious and cultural organizations. He has worked closely with clients on a wide range of nonprofit issues including tax exemption, unrelated business income tax, charitable giving and substantiation, independent contractor issues, and Form 990 reporting.

Prior to joining Green Hasson Janks, Rich gained experience through leadership roles with nonprofit tax practices of Big Four and regional firms in Southern California, New England, the Pacific Northwest, and the Midwest, serving both large and small clients. Outside of public accounting, he has served as corporate tax manager of the University of Washington and as treasurer and finance director of the California Endowment.

Throughout Rich's career, he has taught at both local and national training sessions and has spoken on nonprofit and other tax topics for both professional and trade groups, including the Wisconsin Association of Independent Colleges and Universities, the Minnesota Society of CPAs, the Wisconsin Institute of CPAs, the Minnesota Council of Nonprofits, the Public Broadcasting Management Association, the California Society of CPAs, CAPLAW, the International Association of Assembly Managers, the Wichita State University Accounting and Auditing Conference, the University of Wisconsin – Madison Center for Nonprofits and the Arizona Cemetery Association. An article for The Tax Adviser, Tax Clinic, addressing Taxation of Endowment Investment Income was followed by a presentation at the Tax Institute for Colleges and Universities.

Rich has served as an adjunct professor at the Wichita State University, Barton School of Business, and as an adjunct professor in the Master of Business Taxation Program at the University of Minnesota's Carlson School of Management. He recently rejoined the board of Homeless Health Care Los Angeles and was elected to the Board of Directors of the Inner City Law Center. He has also served as an active board member on a wide variety of nonprofit boards, including Forecast Public Art (Public Art Review), Jewish Day School of Metropolitan Seattle, Kansas Public Telecommunications Service (KPTS) and The ACT Theatre.

Rich earned his Bachelor of Arts degree from the University of Wisconsin-Madison and his Juris doctor from the William Mitchell College of Law. He is licensed to practice law in Minnesota.

Green Hasson Janks & Tax Planning and Compliance

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At Green Hasson Janks, we believe that collaboration is the foundation for success. We work as a business advocate for our clients – providing personalized service and building long-term relationships to help position our clients for the future.

Corporate Tax Services
As companies have searched for innovative ways to cut costs and maintain their businesses during these tough economic times, we've worked with our corporate clients to ensure they remain compliant while maximizing the tax benefits related to their businesses. We have assisted clients with tax issues related to:

- Mergers and acquisitions
- Spin-offs and divestitures
- Commercial and residential real estate transactions
- Tax due diligence

Federal Tax Services
By staying current with the regulatory and legislative developments, we are able to help our individual and corporate clients with federal tax planning and compliance issues. Additionally, we can advise clients regarding:

- Federal Tax Returns
- Accounting for Income Taxes
- Tax audits
- IRS appeals

State & Local Tax Services
Our state and local tax practice focuses on multistate income and franchise tax, sales and use tax and credits and incentives.

- Multistate Income/Franchise Tax
- State Gross Receipt Tax
- Multistate Sales/Use Tax
- City Gross Receipt Taxes
- State Credits and Incentives
- Unclaimed Property
- Employment Taxes

Individual, Estate and Trust Tax Services
Our professionals have assisted families, corporate executives, trustees, banks and law firms with a variety of individual, estate and trust tax issues, including:

- Income Tax Planning
- Tax Return Preparation
- Investment Planning
- Estate Planning
- Retirement Planning
- Cash Flow Planning
- Insurance Planning
- International Tax Compliance

Nonprofit Tax Services
Our nonprofit tax practice focuses on planning and review for tax exempt entities and organizations, including foundations.

International Tax Services
Through our affiliation with HLB International, we have access to tax resources in most major cities throughout the United States and the world, helping us serve our clients with multistate and international interests. Services include:

- Foreign Tax Credit Planning
- Cross-Border Structuring
- Global tax minimization

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We focus on helping forward-thinking, entrepreneurial organizations and individuals in the areas of audit, accounting, tax, internal controls and business consulting, as well as specialty services such as royalty and contract audit, movie and television participation audit, litigation support and forensic accounting.

Affiliations

Green Hasson Janks is a member of HLB International, a worldwide organization of professional accounting firms and business advisors represented in over 100 countries. This affiliation gives us access to the business consultation, tax and audit services of other member firms in most major cities around the world. We are the exclusive member firm of HLB in Los Angeles County.

Our firm is a member of the American Institute of Certified Public Accountants (AICPA), the AICPA Governmental Audit Quality Center (GAQC), the California Society of CPAs, Nonprofit Committee of the California Society of CPAs and the California Association of Nonprofits (CAN).

History

Green Hasson Janks was founded in 1953, making us one of the oldest independent firms on the west side of Los Angeles. The firm has 12 partners and employs close to 100 staff members.

Clients

The majority of our clients are closely-held businesses and nonprofit organizations. We are involved in a variety of industries and have expertise in business planning issues, taxation, sales of businesses and other financial matters relating to those industries.

Awards & Rankings

- Ranked a Top 20 Largest CPA Firm in Los Angeles County for three consecutive years by the Los Angeles Business Journal
- Named one of the Best Places to Work by the Los Angeles Business Journal, 2008 , 2009, 2011 and 2012
- Designated a “Beyond the IPA 200 Firm” by Inside Public Accounting in 2011 and 2012
- Named a “Fastest-Growing” firm in the 2011 and 2012 Beyond the IPA 100 rankings

Industries Served

- Entertainment
- Food and Beverage
- High Net Worth Individuals & Families
- Manufacturing and Distribution
- Nonprofit and Private Foundations
- Real Estate
- Retail
- Waste Management Advisory

Specialized Services

- Agreed Upon Procedures
- Executive Search and Staffing
- Expert Witness and Litigation Support
- Financial Statement Audits and Reviews
- Forensic Accounting
- Internal Audit and Controls
- Investment Services
- Mergers & Acquisitions
- Motion Picture and Television Participation
- Retirement/Employee Benefit Plan Audits
- Royalty and Contract Audit
- Tax Planning and Compliance
- Wealth Management

Contact Us

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