

SALES AND USE TAX CASE STUDY - GMT CORPORATION

Waverly, Iowa
Darcy Knights, Vice President

GMT Corporation is a family owned, multimillion-dollar CNC manufacturing company. As a single source provider for engineering, iron machining, steel fabrication and assembly, GMT provides seamless service throughout the manufacturing process. The company makes thousands of purchases a month—everything from raw materials to shipping containers—and works with hundreds of vendors in and outside of the United States.

THE CHALLENGE

Though there were no perceived problems in the GMT processes, the high volume of purchases made it difficult for the company to keep track of the sales tax being charged by vendors. In cases where the vendors did not charge sales tax, the company needed to be able to reduce its exposure by identifying and making appropriate sales tax payments. Sales and Use Tax Manager Chris Gallo recommended an internal review of the records that could reveal overpayments and underpayments of sales tax.

THE SOLUTION

After conducting a sales tax refund study, Chris discovered that GMT was overpaying in excess of \$6,000 per quarter for sales tax. The overpayments ranged from purchases on computers and software to replacement parts. Chris negotiated with the Iowa Department of Revenue on GMT's behalf and determined that GMT was able to deduct sales tax on a much wider array of replacement parts as well as other purchases. Chris helped GMT organize its qualifying purchases and communicated the information to those on the GMT purchasing team. Through this review, GMT received more than \$50,000 in sales tax refunds. By streamlining its accounts payable process, it continues to save more than \$2,000 per month compared to previous operations.

ARE YOU LEAVING MONEY ON THE TABLE?

“With Chris’ help and expertise, we received over \$50,000 in refunds from the State of Iowa and reduced our overpayment of sales tax by \$15,000 per year. The in-depth analysis was very beneficial in helping us identify where we were overpaying in sales tax and how to eliminate those overpayments in the future.”

—Darcy Knights, Vice President, GMT Corporation

LEARN TO PLAY BY THE RULES

As a manufacturer, your company is at the top of the list of all sales tax-exempt businesses. But because the sales tax code is so complex, there are many scenarios in which your company could be missing exemptions that you're entitled to.

Sales and Use Tax Manager Chris Gallo brings twelve years of business experience ranging from working for the United States House of Representatives on Capitol Hill, in Washington D.C., to owning and managing two successful businesses in Des Moines which led him to gaining in-depth, specialized knowledge of researching and applying sales tax code as it pertains to specific businesses.

LEARN MORE – We welcome the opportunity to learn more about your needs.

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