

MAXIMIZING CALIFORNIA'S
(CAEATFA) SALES & USE TAX
EXCLUSION (STE) PROGRAM
TAX BENEFITS:

*Your Guide to Full Exclusion
with Our Expertise*



TENACITY PAYS

Navigating the Complexity of Claiming Full STE Program Tax Benefits: Unraveling the Challenges and Solutions

In our whitepaper, we address key factors like identifying eligible purchases, educating vendors, and overcoming hurdles in the refund process.

Unlock the full potential of your tax benefits with our comprehensive insights and solutions.

With over 168 years of development and practical application tax experience amongst our auditors, we have consistently delivered a remarkable ROI exceeding 300% on our project engagements.

Claiming the full STE Program tax benefit can be a complex process due to the following 3 factors.



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1

Determining eligible equipment and construction purchases.

One of the challenges lies in identifying all the equipment and construction purchases that qualify for the STE Program. The guidelines provided by CAEATFA can sometimes be vague or subject to interpretation, making it difficult for businesses to pinpoint every eligible expense accurately. As a result, many companies may inadvertently miss out on potential tax benefits.



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2

Vendor Education.

Another hurdle is the need to education vendors, including both prime contractors and their subcontractors, about the specific purchases that qualify for the STE Program. This educational effort is crucial to ensure that vendors correctly categorize their sales, making it possible for businesses to claim the relevant tax benefits. However, disseminating this information to a wide range of vendors can be a time-consuming and challenging endeavor.



3

Tax Overpayments & Vendor Refunds.

Complicating matters further, the California tax system requires that all sales tax refunds be initiated by the vendor. This means that if an error or overpayment occurs, businesses must rely on their vendors to file for the refund. Vendors often do not have the bandwidth to submit refund claims for customers causing companies to miss out on their rightful tax benefits. Clients often do not have the bandwidth to perform the legwork to facilitate the refund process.

Ensuring the full STE Program tax benefit is claimed involves addressing challenges related to identifying eligible purchases, educating vendors, and navigating the vendor-driven refund process. These hurdles can make it difficult for businesses to access the tax benefits to which they are entitled under the program.



At CPRS, we provide customized solutions to overcome challenges, helping clients optimize benefits from the STE Program and California's manufacturing exemption.

With a proactive approach, we leverage expertise to navigate state and local sales / use tax complexities.



While scrutinizing purchases during a tax review, the inclusion of periodic contract compliance assessments adds significant value.

In our experience with our contract compliance suite of services, we've made a significant discovery regarding companies that receive invoices from service providers. It's been revealed that, on average, approximately **1 in every 15 invoices contains errors or inaccuracies**. These errors span various areas within the capital expense and MRO processes, encompassing labor, equipment, materials, third-party services and more. If these erroneous invoices aren't scrutinized and corrected, they can lead to substantial overpayments, amounting to as much as 4% of the total paid invoices. Moreover, it's essential to recognize that these errors can also affect your overall tax liability.



1 IN 15 INVOICES
have errors



PARTNER WITH CPRS

CPRS is delivering solutions to address such cost issues. With over 168 years of development and practical application tax experience amongst our auditors, we have consistently delivered a remarkable ROI exceeding 300% on our project engagements. Bringing forth the outcomes mentioned above — *results that truly matter.*



POWERED BY CUTTING-EDGE TECHNOLOGY

CPRS is at the forefront of innovation, leveraging its proprietary CPRS Pearl software stack with Advanced Text Analytics engineered with machine learning tools.



LEVERAGING SALES & TAX EXPERTISE

Our experts bring years of experience as auditors, giving us a unique advantage in performing expert reverse sales and use tax, contract compliance, retail, and accounts payable audits.



REAL-TIME DATA & INSIGHTS

Our data metrics offer a comprehensive internal visibility into your cost recovery efforts. This empowers you to identify overpayments close to real-time, all within a proven process enhanced by our proprietary workflow software.

Gain a strategic partner dedicated to your financial success.



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GET IN TOUCH!

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