

DEPARTMENT OF ECONOMIC OPPORTUNITY
Reemployment Assistance Appeals
PO BOX 5250
TALLAHASSEE FL 32399-5250

PETITIONER:

Employer Account No. - 2994865
TAXPREP1 LLC
2221 LEE RD STE 15
WINTER PARK FL 32789-1864

PROTEST OF LIABILITY
DOCKET NO. 0019 3454 28-01

RESPONDENT:

State of Florida
DEPARTMENT OF ECONOMIC
OPPORTUNITY
c/o Department of Revenue

ORDER

This matter comes before me for final Department Order.

Having fully considered the Special Deputy's Recommended Order and the record of the case and in the absence of any exceptions to the Recommended Order, I adopt the Findings of Fact and Conclusions of Law as set forth therein. A copy of the Recommended Order is attached and incorporated in this Final Order.

In consideration thereof, it is ORDERED that the determination dated June 11, 2013, is AFFIRMED.

JUDICIAL REVIEW

Any request for judicial review must be initiated within 30 days of the date the Order was filed. Judicial review is commenced by filing one copy of a *Notice of Appeal* with the DEPARTMENT OF ECONOMIC OPPORTUNITY at the address shown at the top of this Order and a second copy, with filing fees prescribed by law, with the appropriate District Court of Appeal. It is the responsibility of the party appealing to the Court to prepare a transcript of the record. If no court reporter was at the hearing, the transcript must be prepared from a copy of the Special Deputy's hearing recording, which may be requested from the Office of Appeals.

Cualquier solicitud para revisión judicial debe ser iniciada dentro de los 30 días a partir de la fecha en que la Orden fue registrada. La revisión judicial se comienza al registrar una copia de un *Aviso de Apelación* con la Agencia para la Innovación de la Fuerza Laboral [*DEPARTMENT OF ECONOMIC OPPORTUNITY*] en la dirección que aparece en la parte superior de este *Orden* y una segunda copia, con los honorarios de registro prescritos por la ley, con el Tribunal Distrital de Apelaciones pertinente. Es la responsabilidad de la parte apelando al tribunal la de preparar una transcripción del registro. Si en la audiencia no se encontraba ningún estenógrafo registrado en los tribunales, la transcripción debe ser preparada de una copia de la grabación de la audiencia del Delegado Especial [*Special Deputy*], la cual puede ser solicitada de la Oficina de Apelaciones.

Nenpòt demann pou yon revizyon jiridik fèt pou l kòmanse lan yon peryòd 30 jou apati de dat ke Lòd la te depoze a. Revizyon jiridik la kòmanse avèk depo yon kopi yon *Avi Dapèl* ki voye bay DEPARTMENT OF ECONOMIC OPPORTUNITY lan nan adrès ki parèt pi wo a, lan tèt Lòd sa a e yon dezyèm kopi, avèk frè depo ki preskri pa lalwa, bay Kou Dapèl Distrik apwopriye a. Se responsabilite pati k ap prezante apèl la bay Tribinal la pou l prepare yon kopi dosye a. Si pa te gen yon stenograf lan seyans lan, kopi a fèt pou l prepare apati de kopi anrejistreman seyans lan ke Adjwen Spesyal la te fè a, e ke w ka mande Biwo Dapèl la voye pou ou.

DONE and ORDERED at Tallahassee, Florida, this 4th day of April, 2014.



Magnus Hines

Magnus Hines,
RA Appeals Manager,
Reemployment Assistance Program
DEPARTMENT OF ECONOMIC OPPORTUNITY

FILED ON THIS DATE PURSUANT TO § 120.52,
FLORIDA STATUTES, WITH THE DESIGNATED
DEPARTMENT CLERK, RECEIPT OF WHICH IS
HEREBY ACKNOWLEDGED.

Shanendra Y. Barnes

DEPUTY CLERK

4.7.14

DATE

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that true and correct copies of the foregoing Final Order have been furnished to the persons listed below in the manner described, on the 7th day of April, 2014.

Shanendra Y. Barnes

SHANEDRA Y. BARNES, Special Deputy Clerk
DEPARTMENT OF ECONOMIC
OPPORTUNITY
Reemployment Assistance Appeals
PO BOX 5250
TALLAHASSEE FL 32399-5250

By U.S. Mail:

TAXPREP1 LLC
2221 LEE RD STE 15
WINTER PARK FL 32789-1864

STATE TAX SOLUTIONS INC
ATTN: SCOTT GUENTHER
324 S HYDE PARK AVENUE STE 230
TAMPA FL 33606-4130

DEPARTMENT OF REVENUE
WILLA DENNARD
CCOC BLDG #1 SUITE 1400
2450 SHUMARD OAK BLVD
TALLAHASSEE FL 32399

DEPARTMENT OF REVENUE
ATTN: DIANNE AYERS
PO BOX 6417
TALLAHASSEE FL 32314-6417

State of Florida
DEPARTMENT OF ECONOMIC OPPORTUNITY
c/o Department of Revenue

**DEPARTMENT OF ECONOMIC OPPORTUNITY
Reemployment Assistance Appeals
MSC 347 CALDWELL BUILDING
107 EAST MADISON STREET
TALLAHASSEE FL 32399-4143**

PETITIONER:

Employer Account No. - 2994865
TAXPREP LLC
2221 LEE ROAD SUITE 15
WINTER GARDEN FL 32789

**PROTEST OF LIABILITY
DOCKET NO. 0019 3454 28-01**

RESPONDENT:

State of Florida
DEPARTMENT OF ECONOMIC
OPPORTUNITY
c/o Department of Revenue

RECOMMENDED ORDER OF SPECIAL DEPUTY

TO: Altemese Smith
Bureau Chief,
Reemployment Assistance Program
DEPARTMENT OF ECONOMIC OPPORTUNITY

This matter comes before the undersigned Special Deputy pursuant to the Petitioner's protest of the Respondent's determination dated June 11, 2013.

After due notice to the parties, a telephone hearing was held on December 5, 2013. The Petitioner, represented by its representative from State Tax Solutions, Inc., appeared and testified. The Respondent, represented by a Department of Revenue Tax Auditor III, appeared and testified.

The record of the case, including the recording of the hearing and any exhibits submitted in evidence, is herewith transmitted. Proposed Findings of Fact and Conclusions of Law were not received.

ISSUE: Whether the Petitioner's tax rates were properly computed, pursuant to §443.131, Florida Statutes; Rules 73B-10.026; 10.031, Florida Administrative Code.

ISSUE: Whether the Petitioner's liability for unemployment compensation contributions was properly determined pursuant to Sections 443.1215, 1216, 1217; 443.131, Florida Statutes.

Findings of Fact:

1. TAXPREP1, Inc. is a corporation which operated a Jackson Hewitt income tax preparation franchise beginning in 1998. TAXPREP1, Inc. established liability for payment of unemployment tax to Florida effective January 1, 1998.
2. The sole officer of TAXPREP1, Inc. is A. William Forness.
3. Effective January 1, 2010, TAXPREP1, Inc. was assigned an unemployment tax rate of .0540 based on the unemployment experience of TAXPREP1, Inc. The assigned tax rate for 2011 and 2012 was also .0540.

4. The Petitioner, TAXPREP1, LLC, is a single member LLC owned by TAXPREP1, Inc. TAXPREP1, Inc. is the managing member.
5. The Petitioner established liability for payment of unemployment tax to Florida effective January 1, 2011. The Petitioner was assigned the initial unemployment tax rate that is assigned to all new employers, .0270.
6. Effective January 1, 2012, all of the employees of TAXPREP1, Inc. were transferred to the payroll of the Petitioner. TAXPREP1, Inc. notified the Department of Revenue that it had ceased employment effective December 31, 2011.
7. The Department of Revenue has a computer program that identifies employees who are transferred from one employer to another employer. The computer program identified the employees of TAXPREP1, Inc. that were transferred to the Petitioner on January 1, 2012. Further investigation revealed that there was common ownership, management, or control of the two companies.
8. By determination mailed on or before June 11, 2013, the Department of Revenue notified the Petitioner that since it appears that the Petitioner acquired the workforce of TAXPREP1, Inc. on or about January 1, 2012, and since it appears that there was common ownership, management, or control of the Petitioner and TAXPREP1, Inc. at the time the transfer occurred, the unemployment experience attributable to TAXPREP1, Inc. was transferred to the Petitioner resulting in a new tax rate being assigned to the Petitioner effective January 1, 2012. The determination advises the Petitioner that the new tax rate includes the tax rate of TAXPREP1, Inc. and an additional penalty of 2% for knowingly violating or attempting to violate the law.
9. Upon receipt of the determination the Petitioner engaged State Tax Solutions, a tax consulting business, to file a protest and to represent the Petitioner. State Tax Solutions filed a timely protest by certified mail dated June 28, 2013.

Conclusions of Law:

10. Section 443.131(3), Florida Statutes, provides:
 - (g) *Transfer of unemployment experience upon transfer or acquisition of a business.--* Notwithstanding any other provision of law, upon transfer or acquisition of a business, the following conditions apply to the assignment of rates and to transfers of unemployment experience:
 - 1.a. If an employer transfers its trade or business, or a portion thereof, to another employer and, at the time of the transfer, there is any common ownership, management, or control of the two employers, the unemployment experience attributable to the transferred trade or business shall be transferred to the employer to whom the business is so transferred. The rates of both employers shall be recalculated and made effective as of the beginning of the calendar quarter immediately following the date of the transfer of the trade or business unless the transfer occurred on the first day of a calendar quarter, in which case the rate shall be recalculated as of that date.
11. Section 443.131(3)(g)7.b., Florida Statutes, provides that "trade or business" shall include the employer's workforce.
12. Rule 73B-10.031(3), Florida Administrative Code, provides in pertinent part that for the purpose of implementing Section 443.131(3)(g), F.S.:
 - (a) The term "ownership" means any proprietary interest in a business, including, but not limited to, shares of stock in a corporation, partnership interest in a partnership or membership interest in a Limited Liability Company (LLC).
 - (b) "Common ownership" exists when a person has ownership in two or more businesses.
 - (c) A person in "management" includes any officer or director of a corporation, owner of a sole proprietorship, partner in a partnership, manager of an LLC, or person with the ability to direct

- the activities of an employing unit, either individually or in concert with others.
- (d) “Common management” exists when a person concurrently occupies management positions in two or more businesses.
 - (e) A person in “control” of a business includes any officer or director of a corporation, owner of a sole proprietorship, partner in a partnership, manager of an LLC, or other person with the ability, directly or indirectly, individually or in concert with others, to influence or direct management, activities or policies of the business through ownership of stock, voting rights, contract, or other means. Control exists when an employee leasing company dictates or specifies the businesses with which a client company must contract.
 - (f) “Common control” exists when a person or group of persons has control of two or more businesses.
 - (g) The phrase “transfer or acquisition” encompasses any and all types of transfers and acquisitions including, but not limited to, assignments, changes in legal identity or form, consolidations, conveyances, mergers, name changes, purchase and sale agreements, reorganizations, stock transfers and successions.
 - (h) The phrase “trade or business or a portion thereof” includes but is not limited to assets, customers, management, organization and workforce.
 - (i) For the purpose of determining issues relating to the transfer of employment records upon transfer or acquisition of a business, the term “person” has the meaning set forth in Section 7701(a)(1) of the Internal Revenue Code.
13. The evidence presented in this case reveals that the workforce of TAXPREP1, Inc. was transferred to the Petitioner on or about January 1, 2012, and that at the time of the transfer there was common ownership, common management, and common control of the two entities. The Petitioner does not contest the portion of the determination transferring the unemployment experience of TAXPREP1, Inc. to the Petitioner effective January 1, 2012, but does dispute the imposition of the 2% penalty tax rate for knowingly violating the law.
14. Rule 73B-10.031(3), Florida Administrative Code, provides in pertinent part that each employer must notify DOR in writing of any total or partial transfer of trade or business within 90 days after the date of transfer if there was any common ownership, management, or control of the two employers at the time of the transfer.
- (q) The fact that the employer had a legitimate business purpose for a transfer does not preclude a finding that a substantial reason for the transfer was to obtain a reduced liability for contributions.
15. Section 443.131(3)(g), Florida Statutes provides:
- 3. If a person knowingly violates or attempts to violate subparagraph 1. or subparagraph 2. or any other provision of this chapter related to determining the assignment of a contribution rate, or if a person knowingly advises another person to violate the law, the person shall be subject to the following penalties:
 - a. If the person is an employer, the employer shall be assigned the highest rate assignable under this chapter for the rate year during which such violation or attempted violation occurred and for the 3 rate years immediately following this rate year. However, if the person’s business is already at the highest rate for any year, or if the amount of increase in the person’s rate would be less than 2 percent for such year, then a penalty rate of contribution of 2 percent of taxable wages shall be imposed for such year and the following 3 rate years.
16. Section 443.131(3)(g)4., Florida Statutes provides:
- For purposes of this paragraph, the term:
- a. “Knowingly” means having actual knowledge of or acting with deliberate ignorance or reckless disregard for the prohibition involved.
 - b. “Violates or attempts to violate” includes, but is not limited to, intent to evade, misrepresent, or willfully nondisclose.

17. The Petitioner's sole witness in this case is an authorized representative from State Tax Solutions. According to the testimony of the representative, State Tax Solutions was not associated with, or engaged by, the Petitioner until after the Department of Revenue issued its determination on or before June 11, 2013. The transfer of workforce occurred on January 1, 2012. Thus, the testimony offered by the representative concerning the purpose of the transfer of trade or business and whether or not the Petitioner attempted to evade the transfer of the .0540 tax rate by willfully failing to notify the Department of Revenue as required by law within ninety days of January 1, 2012, that a transfer of trade or business had occurred, is not based on the personal knowledge of the witness. The witness was not involved in the decision to transfer the trade or business.
18. Section 90.604, Florida Statutes, sets out the general requirement that a witness must have personal knowledge regarding the subject matter of his or her testimony. Information or evidence received from other people and not witnessed firsthand is hearsay. Hearsay evidence may be used for the purpose of supplementing or explaining other evidence, but it is not sufficient, in and of itself, to support a finding unless it would be admissible over objection in civil actions. Section 120.57(1)(c), Florida Statutes.
19. Rule 73B-10.035(7), Florida Administrative Code, provides that the burden of proof will be on the protesting party to establish by a preponderance of the evidence that the determination was in error. The testimony of the witness is hearsay and, as such, is not sufficient to establish that the determination of the Department of Revenue is in error.

Recommendation: It is recommended that the determination dated June 11, 2013, be AFFIRMED.

Respectfully submitted on February 3, 2014.



R. O. SMITH, Special Deputy
Office of Appeals

A party aggrieved by the *Recommended Order* may file written exceptions to the Director at the address shown above within fifteen days of the mailing date of the *Recommended Order*. Any opposing party may file counter exceptions within ten days of the mailing of the original exceptions. A brief in opposition to counter exceptions may be filed within ten days of the mailing of the counter exceptions. Any party initiating such correspondence must send a copy of the correspondence to each party of record and indicate that copies were sent.

Una parte que se vea perjudicada por la *Orden Recomendada* puede registrar excepciones por escrito al Director Designado en la dirección que aparece arriba dentro de quince días a partir de la fecha del envío por correo de la *Orden Recomendada*. Cualquier contraparte puede registrar contra-excepciones dentro de los diez días a partir de la fecha de envío por correo de las excepciones originales. Un sumario en oposición a contra-excepciones puede ser registrado dentro de los diez días a partir de la fecha de envío por correo de las contra-excepciones. Cualquier parte que dé inicio a tal correspondencia debe enviarle una copia de tal correspondencia a cada parte contenida en el registro y señalar que copias fueron remitidas.

Yon pati ke Lòd Rekòmande a afekte ka prezante de eksklizyon alekri bay Direktè Adjwen an lan adrès ki parèt anlè a lan yon peryòd kenz jou apati de dat ke Lòd Rekòmande a te poste a. Nenpòt pati ki fè opozisyon ka prezante objeksyon a eksklizyon yo lan yon peryòd dis jou apati de lè ke objeksyon a eksklizyon orijinal yo te poste. Yon dosye ki prezante ann opozisyon a objeksyon a eksklizyon yo, ka prezante lan yon peryòd dis jou apati de dat ke objeksyon a eksklizyon yo te poste. Nenpòt pati ki angaje yon korespondans konsa dwe voye yon kopi kourye a bay chak pati ki enplike lan dosye a e endike ke yo te voye kopi yo.

Shanendra Y. Barnes

SHANEDRA Y. BARNES, Special Deputy Clerk

Date Mailed:
February 3, 2014

Copies mailed to:

Petitioner

Respondent

STATE TAX SOLUTIONS INC
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324 S HYDE PARK AVENUE STE 230
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