

CASE STUDY

Sales & Use Tax

“Partnering to Control the Return Module”

Region: Southern California

HQ: Los Angeles

Employees: 5,300

Beds: 495

Patient Revenue: \$565 Billion

EHR: Cerner

ERP: Oracle

GPO: Vizient

“SpendMend showed us things we never would have seen on our own. Not only does this impact our bottom line but it improves our processes as well.”

-Farrell Jensen, Treasury and Tax Management

Problem

SpendMend was engaged by a Southern California hospital to recoup erroneously paid sales and use tax dollars. The review included all sales tax paid on invoices as well as all use tax accrued and remitted to the California Department of Tax and Fee Administration (CDTFA).

Solution

During our review, SpendMend discovered the hospital was incorrectly accruing use tax on invoices from a large distributor who had California nexus. SpendMend reviewed the items on which the hospital was self-assessing tax and found the items were exempt under California regulations. SpendMend petitioned the CDTFA for a refund of these inaccurate tax payments. Additionally, SpendMend communicated this error to the hospital in order to correct the accrual process immediately.

Result

Without disrupting the routine of the hospital's accounting staff, SpendMend was able to secure a \$425,000 refund for the hospital. This amount represented 100% of the tax paid in error on this issue for the entire review period.