

Diane Yetter: Reducing Tax Risks



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By Carly Lombardo

Diane Yetter, CPA, wants her business clients to pay all their taxes—but not a penny more. As president of Yetter Consulting Services in Chicago, she focuses exclusively on helping clients track their local sales and use tax obligations.

Sales and use tax services include systems analysis, Vertex and Sabrix implementation assistance, training, audit defense, refund reviews, transactional planning, and general tax consulting. YCS has also integrated tax products with major ERP systems such as SAP, PeopleSoft, and Oracle.

But the firm's services go well beyond sales and installation through the training provided by its Sales Tax Institute, founded in 1997.

"I saw a real need for sales tax training opportunities, so I created the Sales Tax Institute as an integral part of YCS," says Yetter. The institute's goal is to educate people about sales and use tax concepts and issues. "We enable companies to minimize the tax expenses and administrative costs related to accurate compliance through the classes we offer," adds Yetter.

The products that YCS handles include offerings from Berwyn, Pa.-based Vertex, which sells software for income, sales, consumer use, communications, payroll, and property tax. San Ramon, Calif.-based Sabrix provides enterprise tax software integrated with global tax research, which automates all sales and use taxes in the United States.

At any given time, YCS typically has 20 projects under way involving sales tax implementation and tax consulting services. Clients range from mid-market companies to Fortune 100 accounts, and even include some Internet start-up ventures.

Yetter founded YCS in 1996, and the practice's Sales Tax Institute the following year. There are seven full-time and two part-time employees. While YCS does not disclose revenue, Yetter says it has "significant" growth each year of approximately 35 percent. System implementations contribute roughly 55 percent to overall revenue; tax consulting services about 37 percent; and the Sales Tax Institute, 8 percent.

An engagement typically begins with a taxability analysis and evaluation. "We want to know what businesses are doing with tax today, and

how they handle product returns, taxing jurisdictions, sales and purchasing, and IT needs," says Yetter. "We start by determining which of our client's products and services are taxable, how they are taxed, and jurisdictions that will tax them," she adds.

A New York System

With a recent Sabrix implementation for York, Pa.-based York International, a heating and cooling manufacturer and installer, YCS had to replace a homegrown legacy system that used a manual billing system.

York's tax situation was somewhat complicated. Yetter explains, "York is generally considered a retailer when they sell equipment without installing it. However, when they sell and install the equipment, then they are considered a contractor."

When the company is considered a contractor, their costs are taxed. "So when they bid a job, they need to know whether to pay tax on the cost of materials or add tax to the selling price," she says. "Before implementing the new system, they relied on billing clerks to make this complex decision. Sometimes, they came in with a bid too high and they would lose the job. Sometimes, it would be too low and they would have to eat the tax."

York was using Siebel for its front-end job estimating and order processing, while invoicing was done through a Lawson application. Sabrix came into play because Yetter had to add data elements to the systems.

Data elements are different fields/identifiers that are necessary in order to correctly determine the sales and use tax of a transaction, such as item number or product group. "We review all the various data fields in Siebel and Lawson to determine which ones are relevant to the tax determination, and then we include those in the interface to Sabrix," explains Yetter. "Then within Sabrix, we create tax rules based on these elements and the different values that change the tax decision," adds Yetter.

The York project took a year and a half, but the average project takes about eight months. **AT**

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