

IRS Audits

An IRS audit is a review/examination of an organization or individual's accounts and financial information to ensure information is being reported correctly, according to tax laws, to determine the amount of tax reported is accurate.

- Most audits are simply chosen randomly by the IRS computer screening process and does *NOT* suggest fraud or errors were detected.
- An audit can occur when Payer records, such as W-2's or Form 1099, reported on a tax return do not match the forms sent to the IRS. These are generally resolved by a letter or phone call and conclusion is based upon your agreement or disagreement of their findings.
- In some cases and audit can occur by related examinations, which is when a business partner or investor is selected for an audit.
- Depending on the complexity of the items being reviewed, most audits are concluded within a day or two.
- The IRS will provide a written request for the items needed.
- You have rights during an audit. You have a right to professional and courteous treatments by IRS employee, a right to privacy and confidentiality, a right to know why the IRS is asking for information, a right to representation and a right to appeal disagreements.
- The law requires you to retain records used to prepare your tax return.
- If we have prepared your tax return, we recommend the audit be done in our office.
- You do not have to be present during the audit, we will represent you and work diligently to get the audit concluded in a timely and beneficial manner.
- If the auditor determines there are differences, then they will propose the changes and you can agree or disagree with their findings.
- If you disagree with the original finding of the auditor then the matter is simply taken to a manger to request further review of the issue. Most times the issue is resolved at this level, if it goes this far. Again, you do not have to be present at this meeting.

*This information should be used as a guideline. Specific questions regarding this "Biz Facts" should be directed to a Business by Design tax professional.