

## APPEALING AUDIT RESULTS

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Most people come out of an audit owing something. But what can you do when you can't live with the tax bill you get after an audit?

- Meet with the auditor and/or his or her supervisor to discuss the process and results, and see if they're will to bend a bit to avoid an appeal
- Appeal the audit results to the IRS Appeals Office
- Take an appeal in Tax Court

Appealing your case within the IRS or Tax Court will often get you some savings (although seldom a complete victory) and buys you time to figure out how you'll pay the ultimate tax bill. Unfortunately, interest continues to build on the amount owed while you're appealing.

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## SURVIVING AN IRS TAX AUDIT



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# PREPARING FOR AN AUDIT

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There's a lot you can do ahead of time to get ready for an audit:

- Consult with a tax attorney or certified public accountant to understand the issues the IRS is focusing on
- Thoroughly review IRS Publication 1, the Taxpayer's Bill of Rights, which came with the notice you were being audited
- Research the issues on the IRS website, [www.irs.gov](http://www.irs.gov)
- Discuss the situation with the professional tax preparer who helped you with the return (s) in question, and decide whether he or she should be present with you in the audit
- Don't hesitate to ask for postponement of the audit, if you're having trouble rounding up records.
- For more Audit Tips, visit [www.tacct.net/audit.htm](http://www.tacct.net/audit.htm)

## KINDS OF AUDITS

Some audits are worse than others. You can expect either:

- A **correspondence audit**, by mail, asking for a straightforward answer (by mail) on less issues, such as proof of deductions.
- An **office audit**, held in the IRS office, where you'll be asked to produce receipts and other documents related to specific issues or
- A **field audit**, where the IRS agent comes to your home or place of business.

## PRODUCING FINANCIAL DOCS

The IRS has the right to look at your financial records to see if you've reported your deductions, exemptions and credits accurately. But it's to your advantage to:

- Ask questions of the IRS agent ahead of time to make sure you understand exactly what the IRS is looking for
- Provide only the documentation that's being asked for, and nothing more
- If you're missing receipts or other documentation, try to reconstruct the information as accurately as you can, based on other documentation.



## DURING THE AUDIT

Many lawyers advise having a lawyer or certified tax professional represent you during the audit, instead of going yourself. If you're going to be present during the audit:

- Don't volunteer information of any type
- Answer questions as concisely as possible
- Don't lie
- If you sense things aren't going well, don't hesitate to stop the audit so that you can consult with a tax attorney or accountant before continuing
- Ask to speak with the audit agent's supervisor if you think the agent isn't being fair.

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