



Audits

If you receive an audit notice from the IRS, you need to acknowledge it and respond promptly. The IRS may have made an error in the amount they state you owe and the audit item may require the knowledge that only your tax professional can provide.

How Are Returns Chosen for Audit?

Returns that are examined are chosen either by computerized screening, by random sample or by an income document matching program. There are circumstances that may cause the IRS to examine your return more closely. For example, the IRS may request more information if your itemized deductions are very high or if you claim tax shelter losses. Your tax return may also be selected for examination on the basis of information received from third-party documentation, such as a Form 1099 or a Form W-2, that does not match the information reported on your return. You may also be selected to address the questionable treatment of an item on your tax return. If your business expenses or charitable contributions of cash are substantial in relation to your income, you may receive an audit notice. Many examinations result in a refund or acceptance of the tax return without change, but some may result in a change in tax liability.

The Examination Process

The IRS audit notice may either require you to attend a subsequent meeting in person or to send additional information by mail. You may choose to have CentraTAX assist you during your audit. A representative will appear with you at an audit, and no charge, to explain how your tax return was prepared.

If the examination results in a change to your tax liability, you may want the IRS to reconsider your case. The IRS may reconsider your case if you are submitting additional information that could result in a change to the additional amount they determined that you owe, you are filing an original delinquent return after they determined that you owe an additional amount, or you have identified a mathematical or processing error they made. You should gather copies of your records, tax returns, and canceled checks, and any other necessary information to support your case. Your reasons for disagreeing cannot be based only on moral, religious, political, constitutional, conscientious, or similar grounds.

If you cannot reach an agreement regarding the proposed changes to your tax return, the IRS may send you a 30-day letter notifying you of your rights to appeal, a copy of the tax examiner's report and an agreement or a waiver form. If you do not respond to this letter, or if you still do not reach an agreement with the appeals officer, the IRS will send you a Notice of Deficiency (or 90-day letter).

You have 90 days from the date of this notice to file a petition with the Tax Court. If you do not file this petition, you will receive a bill for the amount due. Please call our office for more information.