

Tax Tips

What To Do In Case Of An IRS Audit

(NAPSA)—There's a single word that strikes fear into the hearts of many a taxpayer: audit. Fortunately, there are people who can help make such an experience less painful.

Enrolled Agents (EAs) are tax professionals who are licensed by the U.S. Department of the Treasury to represent taxpayers before all administrative levels of the IRS for audits, collections, and appeals.

What happens during an audit?

There are two types of audits performed by the IRS: correspondence and office.

If you are chosen for a correspondence audit, the IRS has selected items on your tax return that need to be verified. In this case, you only need to mail copies of the requested information to the IRS. Once you mail the documents to support your information, IRS will review it and send a detailed assessment of any items that are in dispute—with an adjusted bill, if necessary. Usually, after you send in the requested information, the case is closed.

For an office audit, the intent

is to determine the correctness of the entire tax return. You will receive a notice containing specific issues to be examined and a list of documents that IRS would like you to bring to the audit.

An Enrolled Agent is able to represent you for this audit as long as he or she has a Power of Attorney for the tax years in question. EAs are professionally trained to resolve factual disputes as well as engage in discussions of applicable law and settlement negotiations.

Results from audits vary. A "no change" verdict means the return is accepted as filed. Or, you may agree with the proposed adjustments that are assessed. You will then receive an examination report with the new amount of tax, penalty and interest that is due. If an agreement cannot be reached, then you would need to take the audit a step further and have it addressed to an appeals officer.

For further information, or to be referred to an EA in your area, call the National Association of Enrolled Agents at 1-800-424-4339 or visit www.naea.org.