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## 10 DOs IN AN IRS AUDIT

By Victor Sy, CPA, MBA

1. Rest as you normally do the night before an audit. When you go to the IRS, **act naturally**; otherwise, the auditor may think that the returns are also fake.
2. **Dress modestly**. This is not the ideal time for you to wear expensive jewelry. Your tax returns could be showing losses for three successive years through net operating losses. The auditor will probably wonder as to how you have been surviving all these lean years. Then you walk in with jewelry galore.
3. **Be on time**. Some auditors get irritated with taxpayers who come in late for an appointment.
4. **Bring the right attitude with you**. It makes a lot of difference.
5. **Bring in only what is asked for**. You might be inclined to give documents that are not under question if the auditor goes fishing. You might just innocently bring the fish that he (or she) wants.
6. **Respect the auditor**. He is a human being. Treat him like one.
7. **Listen to the questions carefully**. Respond carefully. Innocent questions on how you earn or how you spend have meanings behind them.
8. **Identify out-of-line deductions and ask the auditor to disallow them** (he'll disallow them anyway). Use reverse psychology. Apologize. In the meantime, you recapture lost credibility. Ahhhh.... credibility, the most important word during an audit.
9. **Get a tax professional to represent you**. Let him do the talking for you. A CPA, Tax Lawyer or Enrolled Agent can you whatever you pay him.
10. **Ask your representative to go without you**. You pay him not only to represent you but also to give you peace of mind. Let him worry about it while you sleep. Bear in mind that he can negotiate better without you in the room. Most auditors are rigid, formal, and righteous in your presence. Two professionals have a better chance of reaching a settlement without you in the room.

Remember the magic word: **CREDIBILITY**. Take it with you to your audit.

**Development:** Beware - IRS has moved back from a gentler & kinder IRS to enforcement and compliance. They have clearly moved back to the business of audits and collections. The new IRS Commissioner stressed "rigorous enforcement programs" to reduce the "tax gap."