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TEN DON'Ts IN AN IRS AUDIT

By Victor Sy, CPA, MBA

1. **Don't be late.** It doesn't make a good first impression.
2. **Don't walk in without records.** Be cool, but don't be too cool.
3. **Don't dump a paper bag in the auditor's face.** Don't try to have him wade through paper bags of messy documents. A happy auditor may not necessarily favor you but an angry auditor certainly will not help you.
4. **Don't volunteer information.** Be informed that a typical agent is a low key, friendly agent. They get your guard down by playing a nice-guy role. Don't be deceived by it. Remember that he (including "she") is not on your side. He appears to be, but he is not. If you get fooled by this relaxed atmosphere and you start talking, then you are indeed a fool.
5. **Don't be a chatterbox.** The rare clients that I brought with me are scared to talk before the introductions, and then become conversational when they find out that the auditor is not a mean dude after all.
6. **Don't fight the auditor.** Don't tell him to go after the Mob instead of small fish like you. Remember: he did not choose to audit you. Somebody else did. He was given a case file to work on and he is just doing his job. He could make life more difficult for you, you know.
7. **Don't ever bribe an auditor.** Don't even think about it. If you think you have a problem now, wait until you bribe him. Your call will go directly to Criminal Investigation Division (CID).
8. **Don't be overconfident** especially if you know something about taxes and audits. This is definitely not the time for an ego trip.
9. **Don't underestimate the skills of the auditor.** The agent is a professional. He does this kind of thing for a living. Compared to his skills, you're an amateur.
10. **Don't represent yourself if there are difficult issues at hand.** What you are trying to save could cost you a lot more down the line. This is not the time to save a penny for a buck.

Development 1: IRS auditors can now access a Custom Comprehensive Report about you. It contains:

1. Birth date, professional license, driver's license, DMV registration, accidents.
2. Properties owned with addresses, type of neighborhood you live in.
3. Bankruptcies, liens, judgments, UCC filings.
4. No of people at work, possible associates, transactions with relatives.
5. Criminal records, concealed weapons permit.

Development 2: 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."