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## 10 TACTICS TO SURVIVE AN IRS AUDIT

By Victor Sy, CPA, MBA

You have just received an invitation to the offices of the Internal Revenue Service. They want to examine your return. Don't panic. All these years, you have stashed funds for a rainy day. This is a rainy day. Compose yourself. Then go to battle. Don't be over confident though. I am just boosting your morale. Read these tactics to help you survive:

1. **Prepare.** This is the best line of defense against the IRS. If they want to verify your contributions, bring canceled checks and statements from charitable organizations.
2. **Schedule the audit to your advantage.** Do not be bullied by their ten-day letter. If feasible, schedule your appointment just before a three-day weekend when they are eager to go out on vacation. Schedule it near the end of the month when auditors are under pressure to close their inventory of open caseloads. Postponing an October or November examination to the holidays is not bad idea either.
3. **Schedule your appointment early in the morning or late in the afternoon.** An early morning appointment could get you an auditor who is still fresh and probably in a good frame of mind. In a late afternoon appointment, the auditor may want to leave the office before traffic builds up.
4. **Don't be afraid to go to Appeals.** Your chances of winning there are better than the examination level.
5. **Don't bring unnecessary documents.** Time and again, I have seen taxpayers bring documents for travel and entertainment when all that is being verified are interests and contributions. If the auditor decides to go on a fishing trip, you will be tempted to show excess bait that you just happen to bring along.
6. Auditors always request tax returns for the **previous and succeeding years.** That's standard operating procedure. But that doesn't mean that you should provide what you cannot find right away. Stall to give you time to evaluate those returns with your tax accountant.
7. If you do get the (mis)fortune of being confronted by an **unreasonable auditor**, do not be afraid to intimidate back. Ask for another auditor. Most employees of the IRS are reasonable and professional. Treat them nicely. They are likely to reciprocate. But be wary of agents who are still trying to impress their superiors or are on a mission to pay back an oppressive and cruel world. Personally, I have had my best wins with veteran auditors. I have had my most terrible moments with young, minority auditors who carry police badges. (This is merely my own personal experience over 31 years of dealing with the I.R.S. and may not reflect yours).
8. Don't be afraid to **transfer your case** to another IRS office if you have moved since you last filed the return under audit. Some auditors in some offices have bad attitudes.
9. If an agent goes to **your place of business** in a field audit, do not feel sorry for placing the auditor in a small poorly ventilated room with stale air, if that happens to be the *only* available space. You cannot help it if the Revenue Agent feels so uncomfortable that he'll beg to wrap things up and go home. (Folks, there is no law that requires you to welcome them in an embassy suite).
10. If the issues are simple and the stakes are low, **you may represent yourself.** But if the issues are **unwieldy and problematic**, have a professional who is well versed in the area of IRS practice represent you against the IRS.

Good luck.

