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SHOULD YOU BE PRESENT AT YOUR IRS AUDIT?

By Victor Sy, CPA, MBA

Should you attend an IRS audit? Yes, I mean, *your* audit. Well, you don't have to. This is always a strategic question that should be discussed at the planning stage of an audit. Of course, you do not want to go. Of course, I do not want you to go either. So why go?

Let's discuss the benefits and drawbacks of attending your own funeral, I mean, your audit.

WHY YOU SHOULD NOT ATTEND:

1. You won't enjoy it, before, during, or after the examination. It is normal to get rattled. It is normal to be affected in some way, including the way you eat, sleep, or work. You might get testy and may even pick a fight with your mate. Personally, my philosophy has always been: sign a power of attorney, pay your accountant to handle this whole thing, and go on with your life - normal life.
2. If you attend, your demeanor may convey fear that may be misconstrued by the auditor that you are hiding something. I have dealt with auditors who ask me why my client is afraid if he/she is not hiding anything. Some auditors act naïve or have been on this job for so long that they have become cold and insensitive.
3. You can be emotional (and should be) about issues raised by the agent. This can create animosity that raises the temperature in the room, one that can work against you.
4. Some taxpayers tend to be chatterboxes when they get nervous. Others appear cool from our coaching but talk-a-talk as soon as they get comfortable. They volunteer more than what is asked for. This could only mean trouble: more issues, *mas problemas*.

And just between you and me, I cannot work my magic when you are around. The auditor tends to be formal. I tend to be formal. I dare not trade issues when you are there. Your presence is a hindrance to my effectiveness, an obstacle to the agent's willingness "to work it out." So why attend?

WHY YOU SHOULD ATTEND:

1. You are a convincing witness. You present yourself rather well even in times of adversity. You are a convincing fellow.
2. You are a credible witness and your presence helps win the case.
3. You exude an aura of your trustworthiness and your presence is crucial to win the battle.
4. Evidence has been lost and your oral testimony can sway the auditor to believe that such evidence truly existed.

If you are this type of person, consider attending. But in my three decades of practice, you are indeed a rare creature that comes around once in a blue moon. My advice is, unless you are that rare breed, sign that power of attorney and leave it to the professionals. Try to be "normal" at this time of your life. Good luck!