

# Special Report: The IRS Audit Process

## How Your Tax Return is Selected for Audit and the 3 Possible Outcomes of an Audit

It doesn't matter what percentage of the over 235 MILLION tax returns (plus or minus) expected to be filed in tax season are audited. If, I really mean WHEN, YOUR return is chosen, that is what is most important to you. It's 100% for you!

What experience did I bring to my new job when first hired as Tax Auditor? The Internal Revenue Service believed, based on my scores of an exam that was used in those years for Civil Service employment applicants, that I used good judgment in making decisions. That is the whole job of the tax auditor. They examine the facts, properly apply the tax laws and determine if the correct tax has been paid or not.

The IRS taught me how to read a tax return. The IRS taught me what the tax laws were. The IRS taught me that ALL income is taxable except that which is excludable by the tax laws. The IRS taught me that NOTHING is deductible unless specifically allowed by the tax laws. The IRS taught me how to research the tax court cases. I learned which cases were in the favor of the IRS and which cases were not in favor of the IRS. Guess which ones the IRS uses. But they have to know all of those cases because guess which ones I want to use now that I am on "the outside."

And what do you learn when you are filing your return? "How much is my refund?!" Or, "How much do I owe?"

IRS sends notices all year long. New audits are always being started. New examinations will begin soon. How will you feel if YOU get that personal written invitation? Understand that the IRS will never first contact you by phone or email. If you get that kind of initial contact that is a fraudster trying to steal your money.

Processing your return during the filing of your return is not examining your return. Processing your return is simply receiving your return and issuing your refund or invoicing you for any balance due. IRS is quick to issue refunds first and ask questions later. They don't want to pay your interest for waiting too long to give you back our own money.

When the IRS chooses to examine YOUR tax return, they believe there is an error for them to discover. It's like a treasure hunt for them. Your return has been selected for potential of error. They just don't know if there is an error or not. And if there is an error they don't know for sure where it is. But they have a pretty good idea where it might be.

The IRS believes you are guilty until you PROVE yourself innocent. You must prove you applied the tax laws properly even if you paid someone else to help you do that. YOU must PROVE to the IRS that you were right in claiming your deductions or tax credits. IRS will ask you to PROVE that you claimed the correct amount. They will want to see your receipts. Do you still have them? Did you ever have them?

Will every audit cost you money? Not necessarily. The job of the IRS Tax Auditor or Revenue Agent is to determine that the CORRECT amount of tax was paid. If you paid too much, the examination results in a refund due you. They get to write YOU a check. If you paid too little, the examination results in a balance due the IRS. You get to write the IRS a check. Third, the examination may result in no change. That would be best for you. :) If you were audited today for a return you filed a year or two ago, how do you think your audit would turn out?

Will every audit cause you inconvenience? Yes, guaranteed. Don't you have better things to do than dredge up old tax records 12-30 months after you filed your tax return?

Will every audit cause you anxiety? Maybe Yes. Maybe No. Not necessarily so. That all depends on how well you kept your records, how closely your tax return relates to your tax records and how well you easily you can locate and provide those records (receipts) to the IRS to prove the items reported on your return. They should be the same. And you shouldn't have to scramble to find them.

It's all about PROOF. And YOU are the one who must PROVE that your put the right numbers on the tax return you gave the IRS. You do sign that return under penalty of perjury, you know.

No one can prevent an audit. But you can take steps now to help minimize your r chances. If you would like to learn how to Audit Proof Your Taxes, apply for an introductory strategy session. email [Nellie@BulletProofYourTaxes.com](mailto:Nellie@BulletProofYourTaxes.com) Put Strategy Session in the subject line, Let's find out how I can help you avoid that tax audit.

Always to your lowest legal tax,

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