

---

## THE PAPPAS GROUP IRS AUDIT CHECKLIST

If you receive an IRS audit notice, print this checklist out as a guide to help you through the process.

### Tax Return, Tax Preparer and Tax Records

- Carefully read the IRS Audit Notice and locate the list of items the IRS intends to examine (the IRS is required to tell you why your tax return has been selected for IRS audit).
- Locate your copy of the tax return for the year that has been selected for IRS Audit
- If had a tax preparer prepare your return, call and tell him or her that your return has been selected for IRS audit
- Ask for a meeting with the tax preparer to discuss the return and how he or she arrived at the entries on the return
- Ask the tax preparer if he will assist you during the Audit (some tax preparers will do this without charge)
- Locate all of your records and receipts pertaining to the year under IRS Audit and separate them by category of income and deduction

### Initial Interaction with the IRS Auditor

- If you are confident that you have all of your tax receipts and records and your tax preparer has agreed to assist you in process, it is time to arrange an initial meeting with the IRS Auditor
- If you are unsure about the completeness or quality of your supporting documents and records and/or your tax preparer is not willing to defend his preparation of the return, immediately contact a CPA or tax lawyer and arrange a meeting with him or her to discuss areas of exposure and general IRS audit strategy
- Have your tax preparer or tax lawyer/CPA contact the IRS auditor and arrange a time and place for the initial IRS audit meeting
- If your records are in order and support the income and deductions shown on your return (especially the specific items listed in the IRS Audit notice), your tax preparer or IRS representative should present them to the tax auditor at the first meeting
- If your records are incomplete and/or you are concerned about their quality, your IRS representative should be prepared to answer the basic initial meeting questions and ask for additional time to locate, organize and provide detailed records.

### The Examination of Records

- Your IRS representative should be present when the IRS auditor reviews your supporting documentation in case clarification is needed or any questions arise.
- Your IRS representative should assertively represent your interests but at all times be respectful of the IRS audit process.
- It is important not to appear defensive during the IRS audit process because that will make the IRS auditor think you have something to hide. He or she might then expand the audit to additional tax return items and tax years
- Respond promptly and thoroughly to all written requests made for additional information or supporting documentation. If you cannot provide the documents requested by the deadline stated in the written request, have your IRS representative contact the IRS auditor and ask for additional time.
- If you lack records to support a particular deduction, ask the IRS auditor what types of alternative documentation would he or she accept

## The Notice of Income Tax Examination Changes

- At some point in the IRS audit process the auditor will issue a Notice of Proposed Income Tax Examination Changes. This is the first time in the process that the auditor will make a commitment to the adjustments he or she is proposing
- Carefully examine the Notice of Proposed Income Tax Examination Changes with your tax representative noting any computational errors, wrongful assessments of IRS penalties or wrongful adjustments
- If, after reviewing the Notice of Proposed Income Tax Examination Changes, you and your IRS representative decide that you will agree to the changes, sign the Notice and return it to the IRS auditor. The audit is complete. Within 4 to 6 weeks you will receive an IRS collection notice requesting payment of the tax, interest and penalties shown due on the report.
- If you disagree with the Notice of Proposed Income Tax Examination Changes your IRS representative should call the IRS auditor and explain which adjustments are incorrect. If the IRS auditor does not agree, a meeting with his or her supervisor or IRS group manager should be requested
- If an agreement cannot be reached after discussing the case with the IRS group manager, an IRS Notice of Deficiency will be issued. The IRS audit is complete. You have 30 days to file a written protest of the Notice and 90 days to file a United States' Tax Court Petition disputing the adjustments