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Filing your tax returns timely to avoid IRS audit by [Lawrence J. Danny](#)

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IRS stands for Internal Revenue Service. It is an agency of the United States Federal Government which is responsible for the collection of tax and implementation of the Internal Revenue Code. IRS audit is the process when Internal Revenue Service reviews and evaluates the tax returns of a company or a firm. Tax audit by the IRS usually creates a terror in the minds of the tax payers. The best way to avoid post IRS audit is by appointing a tax professional and an auditor to keep your accounts updated and filing your tax returns timely and rightly without any underpayments.

Audit by the IRS is very rare. IRS informs about the audit through a notice that gives the complete details about the items to be examined. This will help you to determine as to what you need to bring during the audit. Organizing your records systematically will always be a plus point during the tax audit. The organization or the individual chosen for the audit by the IRS has to respond to the notice within 30 days otherwise IRS can take action against them.

There are many factors that double your chances of audit by IRS. Some of them are: large business expenses, excess of itemized deductions, charitable deductions which are large, covering up your cash receipts, complicated business transactions, tax shelter losses and many more. Such factors provoke IRS and multiply your chances for audit. But preparing yourself timely with complete and authentic records will surely help you to qualify the audit by IRS.

The notice of audit from IRS creates an alarming situation for the entire organization leading to panic but if your records are complete and authentic, you don't need to fear any notice of tax audit. In some situations, the notice may be given for procuring the copies of certain documents for verification. In this case the matter is solved outside the business premises through written communications. The notice of audit from IRS can arrive through emails as well. In this case, you need to present certain records in the office of IRS for examination. IRS may also conduct field audit in which the IRS agent goes to the business premises himself to examine the records.

IRS audit small business is another matter of concern. Self employed are the one who usually gets audited by the IRS. Also small business firms who don't have employees are picked up by IRS for audit. This is because IRS is concerned with the federal payroll taxes of such organizations. Also IRS audit small business that usually has only cash based transactions as it is easier to hide cash income in the books of accounts. The number of audits of small businesses by IRS has increased during the past 5 years which raises an alarming situation for them.

Taxpayers should always file their tax returns timely, without any delay. If you have not filed your tax returns for too long, it can increase your problems with IRS. Unfiled tax returns can be filed by filling the appropriate form for the year in which the return was not filed. This is because IRS makes changes in the tax filing form every year. IRS can even ask the defaulting taxpayer to pay the unfiled tax returns by selling or mortgaging his assets or taking loan.

It is the responsibility of Internal Revenue Service to collect the tax from the tax payers by any means. So the best way to avoid the audit by IRS is to pay your tax returns timely and completely.

For more information visit us at <http://www.cpaformerirsagent.com/>

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Lawrence J. Danny is an author of this article who writes about the a [IRS Audit](#), Audit by the IRS and IRS Audit Small Business. He has also written about the importance of a [Audit from IRS](#), Audit by IRS and Unfiled Tax Returns.

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