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### Should You Give IRS Your QuickBooks?

No, not usually. In fact, you might think it's silly to contemplate it. Why make it easy for the IRS to mine your own data? But the IRS is increasingly asking and it's unclear how the fisticuffs will end up. See [Small Businesses Fight IRS Over Data](#).

You want to cooperate, but you don't want to turn over data hurting your business or provoking audits of *other* areas the IRS isn't considering. If you express concern to the IRS that your off-the-shelf software has lots in it you aren't comfortable disclosing, the IRS can choose to issue a summons. That could mean you can fight about it in court.

The IRS told the [American Institute of CPAs](#) (AICPA) it needs electronic business records. Could this mean customer lists, personnel data and more? How the IRS will use it is troubling, especially if you're not sure what you have embedded in your software.

There's nothing new about the IRS wanting electronic data, but usually such inquiries involve big businesses. [Small businesses](#) are defined as those with assets less than \$10 million, and they often use off-the-shelf software such as [QuickBooks](#). In contrast, big businesses usually have customized accounting systems that facilitate providing the IRS only with what they want.

In a [letter to the IRS](#), AICPA proposed allowing companies to redact software to release only relevant data. Although there's some informal

precedent, the IRS rejected the request. The IRS suggests that small businesses should back-up at year end, limiting IRS access to one year at a time. The IRS also said it would allow businesses to reduce the detail for years not under audit.

Yet fears remain. Unless the IRS relents, small business owners may decline to provide it—and see if the IRS issues a summons—or simply turn it over and hope for the best.

For more, see:

[With the IRS stepping up tax audits, here's what you need to know](#)

[Five Audit-Proofing Tips for the Self Employed](#)

[IRS: Small Business Audits](#)

[What's Your IRS Audit Risk?](#)

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