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THE TAX LAWYER

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Simple Rules For Tax Disputes

No one wants to wind up in a [tax dispute](#). You want to file your returns and hope everything goes off without a hitch. You want every income item to match up, every claimed deduction or credit to be approved, and every schedule you attach to pass muster. And you're willing to do everything you can to avoid an [audit](#).

This isn't limited to income tax returns. It applies to payroll tax returns, gross receipts, excise, sales and use returns. No matter how secure you feel in your tax positions, who wants to go to the time, expense and aggravation of having to debate issues or even prove up items? No one.

But in the real world, some percentage of tax returns will be [examined](#). It is an increasingly small percentage these days, though some say the [rich](#) are different. Despite periodic pendulum swings in audit rates, the overall audit rate will probably continue to decline. Most taxpayers take that as good news.

Yet the nature and scope of tax audits is also changing. Traditionally, some audits were full-on office or field audits. You or your accountant or tax lawyer would sit with an auditor in your home, business or at the local IRS office to pour through your receipts and other records.

Such full-blown audits are a rarity today. With the exception of large companies that may encounter these extensive reviews, the vast majority of audits today are by correspondence. A correspondence audit is considerably less threatening, but also considerably less interactive. You

don't have an unlimited number of chances to explain and justify what you've claimed before the proposed adjustments are written up and shipped off to the next level of the IRS.

However you end up in an audit, here are suggestions to make your experience easier.

1. *Make Every Response Timely.* Don't get crossways with the IRS by failing to respond on time. Some IRS [notices](#) or letters will not have a specific date for response, but most do. Often the deadline will be 30 days. Whatever the deadline, respond in time. If you can't, call to get an extension and confirm your extension in writing.

All of this may sound rigid, but the IRS is a huge organization and you'll be dealing with people handling a huge caseload. Some letters or notices cannot be extended, such as an IRS [Notice of Deficiency](#), also called a 90 day letter (which must come via certified mail). See also [10 Things To Know About Fighting An IRS Bill](#).

2. *Attach Documents.* Don't just explain why you're entitled to whatever tax point is in question. Whenever possible, attach copies of [receipts](#) or other proof. The IRS is used to hearing arguments, but if you can support the arguments with documents you'll be better off.

In fact, if you have multiple documents, send copies of them all. In general, the more documents the better. Keep copies of everything. See [What To Give IRS In An Audit](#).

3. *Be Organized.* Don't ramble and don't whine in your correspondence. State your case clearly and make your arguments cogently. Refer to the documents you are attaching. If possible, provide a key to the exhibits or use exhibit tabs.

Remember that your submission will be your first chance to make an impression on the IRS agent. You want to make your first impression a good one.

4. *Professional Help?* Consider getting professional help. You may not need professional help until your case gets beyond the audit stage.

Still, if significant money is involved, you probably should have professional help even at the audit stage. Sometimes a thorough approach early on can obviate later proceedings.

For more, see:

[Choose Your Ground In Tax Disputes](#)

[Received An IRS Notice? 10 Simple Tips](#)

[10 Things To Know About Fighting An IRS Bill](#)

[Ten Ways To Audit Proof Your Tax Return](#)

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