

Types of Tax Audits

While the purpose of all audits is to verify sources of income and validate deductions, exemptions, and credits, there are three basic types of IRS audits.

A **correspondence audit** involves a request from the IRS that you mail back proof of a particular item on your return. The IRS also uses this mail-based procedure to make **adjustment audits**—usually tax increases—based on IRS computations. If the taxpayer accepts and pays the assessment notice, these audits usually end here. If the taxpayer believes the assessment is incorrect, he or she can challenge the notice by following the appropriate IRS procedures.

An **office audit** is a request that you meet with a tax auditor at an IRS office. The notice usually identifies the aspect of your return in question and specifies the proper documentation needed to settle the audit.

A **field audit** is usually a little more time-consuming, involving a meeting at your home or office with an IRS agent. In addition to reviewing supporting documentation for certain items on your return, the agent may be trying to evaluate whether your lifestyle is consistent with your reported income.

The best way to be prepared for the possibility of a tax audit is to keep well-organized records of your prior years' returns, along with complete, supporting documentation. For more information on recordkeeping and audits, visit the IRS website at www.irs.gov.

STTXAUDT-X