



IRS Audits

An IRS audit is a review/examination of an organization's or individual's accounts and financial information to ensure information is reported correctly according to the tax laws and to verify the reported amount of tax is correct.

Audits by Mail – What to Do?

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Why am I being selected for an audit?

Selection for an audit does not always suggest there's a problem. The IRS uses several different methods:

- **Random selection and computer screening** - sometimes returns are selected based solely on a statistical formula. We compare your tax return against “norms” for similar returns. We develop these “norms” from audits of a statistically valid random sample of returns, as part of the National Research Program the IRS conducts. The IRS uses this program to update return selection information.
- **Related examinations** – we may select your returns when they involve issues or transactions with other taxpayers, such as business partners or investors, whose returns were selected for audit.

Next, an experienced auditor reviews the return. They may accept it; or if the auditor notes something questionable, they will identify the items noted and forward the return for assignment to an examining group.

Note: filing an amended return does not affect the selection process of the original return. However, amended returns also go through a screening process and the amended return may be selected for audit. Additionally, a refund is not necessarily a trigger for an audit.

How am I notified?

Should your account be selected for audit, we will notify you by mail. We won't initiate an audit by telephone.

How will the IRS conduct my audit?

The IRS manages audits either **by mail** or through an **in-person interview** to review your records. The interview may be at an IRS office (office audit) or at the taxpayer's home, place of business, or accountant's office (field audit). Remember, you will be contacted initially by mail. The IRS will provide all contact information and instructions in the letter you will receive.

If we conduct your audit by mail, our letter will request additional information about certain items shown on the tax return such as income, expenses, and itemized deductions. If you have too many books or records to mail, you can request a face-to-face audit. The IRS will provide contact information and instructions in the letter you receive.

Depending on the issues in your audit, IRS examiners may use one of these [Audit Techniques Guides](#) to assist them. These guides will give you an idea of what to expect.

What do I need to provide?

The IRS will provide you with a written request for the specific documents we want to see. Here's a [listing of records the IRS may request](#).

The IRS accepts some [electronic records](#) that are produced by tax software. The IRS may request those in lieu of or in addition to other types of records. Contact your auditor to determine what we can accept.

The law requires you to [keep all records](#) you used to prepare your tax return – for at least three years from the date the tax return was filed.

How do I know if the IRS received my response?

For any delivery service you may use, always request confirmation that the IRS has received it. For example, if you use the US Postal Service, you can request [one of their additional services](#) to ensure delivery confirmation.

What if I need more time to respond?

For audits conducted by mail - fax your written request to the number shown on the IRS letter you received. If you are unable to submit the request by fax, mail your request to the address shown on the IRS letter. We can ordinarily grant you a one-time automatic 30-day extension. We will contact you if we are unable to grant your extension request. However, if you received a “Notice of Deficiency” by certified mail, we cannot grant additional time for you to submit supporting documentation. You may continue to work with us to resolve your tax matter, but we cannot extend the time you have to petition the U.S. Tax Court beyond the original 90 days.

For audits conducted by in-person interview – If your audit is being conducted in person, contact the auditor assigned to your audit to request an extension. If necessary, you may contact the auditor’s manager.

How far back can the IRS go to audit my return?

Generally, the IRS can include returns filed within the last three years in an audit. If we identify a substantial error, we may add additional years. We usually don’t go back more than the last six years.

The IRS tries to audit tax returns as soon as possible after they are filed. Accordingly most audits will be of returns filed within the last two years.

If an audit is not resolved, we may request extending the statute of limitations for assessment tax. The statute of limitations limits the time allowed to assess additional tax. It is generally three years after a return is due or was filed, whichever is later. There is also a statute of limitations for making refunds. Extending the statute gives you more time to provide further documentation to support your position; request an appeal if you do not agree with the audit results; or to claim a tax refund or credit. It also gives the IRS time to complete the audit and provides time to process the audit results.

You don’t have to agree to extend the statute of limitations date. However if you don’t agree, the auditor will be forced to make a determination based upon the information provided.

You can find more information about extending a statute of limitations in [Publication 1035, Extending the Tax Assessment Period](#), or from your auditor.

How long does an audit take?

The length varies depending on the type of audit; the complexity of the issues; the availability of information requested; the availability of both parties for scheduling meetings; and your agreement or disagreement with the findings.

What are my rights?

[Publication 1, Your Rights as a Taxpayer](#), explains your rights as a taxpayer as well as the examination, appeal, collection, and refund processes. These rights include:

- A right to professional and courteous treatment by IRS employees.
- A right to privacy and confidentiality about tax matters.
- A right to know why the IRS is asking for information, how the IRS will use it and what will happen if the requested information is not provided.
- A [right to representation](#), by oneself or an authorized representative.
- A right to appeal disagreements, both within the IRS and before the courts.

How does the IRS conclude an audit?

An audit can be concluded in three ways:

- No change: an audit in which you have substantiated all of the items being reviewed and results in no changes.
- Agreed: an audit where the IRS proposed changes and you understand and agree with the changes.
- Disagreed: an audit where the IRS has proposed changes and you understand but disagree with the changes.

What happens when you agree with the audit findings?

If you agree with the audit findings, you will be asked to sign the examination report or a similar form depending upon the type of audit conducted.

If you owe money, there are several payment options available. [Publication 594, The IRS Collection Process](#), explains the collection process in detail.

What happens when you disagree with the audit findings?

You can request a conference with an IRS manager. The IRS also [offers mediation](#) or you can [file an appeal](#) if there is enough time remaining on the statute of limitations.

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