

Who's Next In Line for an IRS Audit...

Per the ABA Tax Meeting in Chicago last month, the IRS advised that starting February of 2010 and continuing for the next three (3) years, the IRS will begin auditing employment taxes at a rate of approximately 2,000 returns per annum. Classification and concerns as to withholdings, related taxes, workers, income, deductions and exemptions will be reviewed. The following items were specifically identified by the IRS; please note that they are not in any order of preference:

- (1) Worker classification
- (2) Fringe Benefits
- (3) Officer Compensation and its structure
- (4) Employer/Employee Reimbursement Plans; and
- (5) Non-Filers.

There is also an increase in examinations for/of undocumented workers. The IRS has placed a number of senior agents to perform these tasks so the audits should be pretty thorough. Depending on when returns were or were supposed to be filed, the audits are likely to start with the 2007/2008 tax returns.