



Tax Attorney: What do I do now that the audit is over?

by Jesse Chapel

The auditor's final numbers are in, and it's not pretty, and you do not agree with the findings. The proposed tax deficiency is staggering, with penalties and interest stacked on top. The question becomes, "what can I do about it?"

Fortunately, procedures are available to challenge the proposed deficiency. Your first stop is usually the IRS Office of Appeals, which is an independent division within the IRS. The appeal divisions will have the authority to settle your tax controversy, and will have discretion that the auditor did not have, like considering the hazards of going to court. According to the IRS, the Office of Appeals settles over 100,000 cases annually without further litigation.

The door to appeals is not permanently open. The auditor will issue what is commonly called a 30-day letter, which gives you 30 days to file the appeal. A taxpayer is wise to hire counsel in preparing and filing this protest. You want to make sure that the evidence supporting your position and the protest is presented in a way that maximizes your chances of resolving your tax dispute.

If the 30-day letter is ignored, you will be issued a notice of deficiency giving you 90 days to file a Petition in Tax Court. Once in Tax Court, you will be referred to appeals if you did not take advantage of your initial appeals rights. Although you get another chance with appeals, you might have been able to avoid the time and expense of the Tax Court filing.

If you feel the audit results are accurate, do not despair, as there are a number of additional ways to settle your tax debt without going into financial ruin.