

Clothier & Head Tax Insight

The Internal Revenue Service ***has significantly increased their audit frequency and has modified the manner in which they contact taxpayers to include cold calls.*** The modification includes direct telephone contact from the IRS to inform taxpayers of their selection for audit prior to receipt of written notification. In the past, notification was sent to the taxpayer in writing and the taxpayer was subsequently requested to contact the IRS to arrange an appointment.

As part of this telephone conversation, the IRS will ask questions concerning you and your tax return. It is our understanding the conversation may be recorded, and your answers may result in adverse tax consequences. In our opinion, your initial correspondence with the IRS should always be in writing, and not via a telephone conversation for a number of reasons.

First, since you have no way of verifying the identity of the person with whom you are speaking, you run the risk of becoming a victim of identity theft or other type of fraud by providing information to a caller who is NOT in-fact with the IRS. Second, you may inadvertently make an innocent comment over the phone which could lead to further unnecessary investigation, or increased audit scrutiny of your tax return itself.

Instead of simply ending the call, we recommend you politely decline to discuss your tax information over the phone. It is our recommendation that you ask the caller to send any requested correspondence to you in writing.

On a similar topic, we are aware of a scam in which the intended victim receives an e-mail from the "IRS" informing them of an issue with a return filed with the California Franchise Tax Board. *The IRS does not send unsolicited e-mails to taxpayers.* If you receive such a communication, do not open any of the attachments. Instead, the IRS requests that you forward this type of e-mail to phishing@irs.gov, and then delete the e-mail

If you receive a phone call or a notice from the IRS, please contact your CPA or other tax return preparer immediately. If you prepared the tax return yourself, we would be happy to discuss with you the best approach for dealing with your unique situation.

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