The Examination Process (Audits by Mail)

This publication will guide you through the audit process and explain your responsibilities and rights during and after an audit. While most returns are accepted as filed, some are selected for audit to determine if income, expenses, and/or credits are being reported accurately.

If you have questions or need help

Please visit www.irs.gov/formspubs/ to find all the IRS tax forms and publications mentioned here, or to do a keyword search on any topic.

You can also visit your local IRS office, or call the number on the letter you received. If you don’t have a letter, please call:

- 1-800-829-1040 (individuals)
- 1-800-829-4933 (businesses)
Your Rights As a Taxpayer

Some of your most important rights as a taxpayer are listed below:

Protection of Your Rights
IRS employees will explain and protect your rights as a taxpayer throughout your contact with us.

Privacy and Confidentiality
The IRS will not disclose to anyone the information you give us, except as authorized by law. You have the right to know why we are asking you for information, how we will use it, and what happens if you do not provide requested information.

Professional and Courteous Service
If you believe that an IRS employee has not treated you in a professional, fair, and courteous manner, you should tell that employee's supervisor. If the supervisor's response is not satisfactory, you should write to the IRS Director for your Area or the Campus where you file your return.

Representation
You may either represent yourself or, with proper written authorization, have someone else represent you. Your representative must be a person allowed to practice before the IRS, such as an attorney, certified public accountant, or enrolled agent (a person enrolled to practice before the IRS). If you are in an interview and ask to consult such a person, then we must stop and reschedule the interview in most cases.

Payment of Only the Correct Amount of Tax
You are responsible for paying only the correct amount of tax due under the law—no more, no less. If you cannot pay all of your tax when it is due, you may be able to make monthly payments.

Help with Unresolved Tax Problems and Hardships
The Taxpayer Advocate Service can help you if you tried unsuccessfully to resolve a problem with the IRS. Your local Taxpayer Advocate can offer you special help if you have a significant hardship as a result of a tax problem. For more information, call toll free 1-877-777-4778 (1-800-829-4059 for TTY/TDD) or write to the Taxpayer Advocate at the IRS office that last contacted you.

Appeals and Judicial Review
If you disagree with us about the amount of your tax liability or certain collection actions, you have the right to ask the Appeals Office to review your case. You may also ask a court to review your case.

Relief from Certain Penalties and Interest
The IRS will waive penalties when allowed by law if you can show you acted reasonably and in good faith or relied on the incorrect advice of an IRS employee. We will waive interest that is the result of certain errors or delays caused by an IRS employee. You must request a waiver of penalties and interest in writing.

Privacy Act Statement
The Privacy Act of 1974 says that when we ask you for information, we must first tell you our legal right to ask for the information, why we are asking for it, and how it will be used. We must also tell you what could happen if you do not provide it and whether or not you must respond under the law.

This notice applies to tax returns and any papers filed with them. It also applies to any questions we need to ask you so we can complete, correct, or process your return; figure your tax; and collect tax, interest, or penalties.

Our legal right to ask for information is found in Internal Revenue Code sections 6001, 6011, and 6012(a), and their regulations. They say that you must file a return or statement with us for any tax you are liable for. Your response is mandatory under these sections.

Code section 6109 and its regulations say that you must show your social security number or individual taxpayer identification number on what you file. You must also fill in all parts of the tax form that apply to you. This is so we know who you are, and can process your return and papers. You do not have to check the boxes for the Presidential Election Campaign Fund.

We ask for tax return information to carry out the U.S. tax laws. We need it to figure and collect the right amount of tax.

We may give the information to the Department of Justice and to other federal agencies, as provided by law. We may also give it to cities, states, the District of Columbia, and U.S. commonwealths or possessions to carry out their tax laws.

We may give it to certain foreign governments under tax treaties they have with the United States. We may also disclose this information to federal, state, or local agencies that investigate or respond to acts or threats of terrorism or participate in intelligence or counterintelligence activities concerning terrorism.

If you do not file a return, do not give us the information we ask for, or provide fraudulent information, the law says that we may charge you penalties and in certain cases, subject you to criminal prosecution. We may also disallow the exemptions, exclusions, credits, deductions, or adjustments shown on your tax return. This could make your tax higher or delay any refund. Interest may also be charged.

Please keep this notice with your records. You may want to refer to it if we ask you for other information. If you have questions about the rules for filing and giving information, please call or visit any Internal Revenue Service office.
Audits by Mail

1. The IRS will send a letter informing you that you have been selected for an audit, and listing what information you need to send to the IRS.

2. Read the letter and follow the instructions. Submit all documentation requested by the due date. If you do not understand, call the number on the letter.

3. The IRS will review your documentation. If more information is needed, the IRS will contact you.

Once the review is complete, the IRS will respond:

- The IRS may accept your original tax return as filed and send you a letter. **You’re done!**

- The IRS may propose an adjustment to your return.
  - If you agree with the proposed adjustment, sign and return the enclosed form by the due date. **You’re done!**
  - If you disagree with the proposed adjustment, you can request a telephone conference with an examiner. If you still cannot reach an agreement after talking with the examiner you have options:
    - You can request a conference with a manager
    - You can request that your case be sent to Appeals
  - If an agreement is not reached or you do not respond, the IRS will send you a Statutory Notice of Deficiency by certified mail. You have 90 days from the date on the notice to petition the U.S. Tax Court without paying the tax. 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. If an agreement is not reached and you do not petition the U.S. Tax Court, the tax will be assessed.

Don’t Forget!

If you do not respond to a notice or request, additional tax could be assessed.

For more information about petitioning U.S. Tax Court, see page 5 of Publication 3498-A or visit www.ustaxcourt.gov
Steps in the Audit Process

Step 1 – Review, Gather, and Compare Information

Review the letter and attachments for the necessary information that you need to gather. Compare the proposed changes to your tax return. If you have questions after your review, you may do the following:

• Call the number on your letter.
• Write to the IRS at the address shown on the letter.
• Visit your local Taxpayer Assistance Center or Low Income Taxpayer Clinic (refer to www.irs.gov for locations or see page 8 of this publication for additional information).
• Obtain professional assistance (Attorney, Certified Public Accountant, or Enrolled Agent).

Step 2 – Reply to the Letter

You should reply by the deadline given in the letter. If you are unable to meet the deadline, please call the number on the letter to discuss your situation and/or request additional time.

How to Submit Documentation

The letter may ask you to send in documentation to support items claimed on your tax return. Attach photocopies of your original documents to the letter and send to the address provided or fax to the number provided. Please do not send original documents.

If you are unable to provide verification of an amount claimed, provide an explanation of the issue and how the amount was determined.

If you are unable to provide the necessary information by fax or mail due to a substantial volume of documentation, call the number listed on the letter for assistance. You may be asked to provide an itemized list of the expenses or deductions in question.

Note: If you are faxing your documents, please include your name and social security number on each page you fax. This is to ensure all pages are associated with your case.

Reminder! Be sure to respond by the deadline given in the letter.

If we accept your documentation, we will send you a letter stating we accept your return as filed. You should keep this letter with your tax records.

If we do not accept your documentation, we will send you a letter explaining any proposed changes to your tax return. If you have questions, see the contact information listed in Step 1 on this page.

Once you review the proposed changes, decide if you agree or disagree.

If You Agree with the Proposed Changes

If the letter you received shows that you owe tax, do the following:

1. Sign the agreement page of the letter.
2. Pay any additional tax, penalties, and interest you may owe. (See the Payment Options section of this publication for available payment methods.)
3. Return the signed agreement, and your payment, if paying by check or money order, to the address shown on the letter.

Note: If you do not pay the additional tax and interest, you will receive a bill. For additional payment information, please refer to Publication 594, The IRS Collection Process.

If the letter you received shows that you are due a refund, do the following:

1. Sign the agreement page of the letter, and
2. Return the agreement page to the address on the letter.

You can expect your refund within 6 to 8 weeks, if applicable, provided you do not have any unpaid tax obligations or other legal debts IRS is required to collect.

If You Do Not Agree with the Proposed Changes

1. Do not sign the agreement page of the letter if you disagree or plan to appeal.
2. Send us documentation and an explanation to support your position.

If We Don’t Hear from You

If you do not reply by the due date, the IRS will disallow the items identified. This may delay or reduce any refund, if applicable. Interest will continue to accrue on any balance due. You could miss your timeframe to resolve your dispute.

Step 3 – Resolve Disagreements

If you disagree with the examiner’s decision after you’ve sent in all requested documentation to support your position, you have options to resolve your disagreements:

• Request an informal conference with the examiner’s manager prior to the date given in the letter,
• Request an Appeals conference prior to the date given in the letter,
• Petition Tax Court after you receive the Statutory Notice of Deficiency

Note: Interest will continue to accrue on all unpaid balances until the disagreement is resolved. You can stop interest by paying the entire amount of proposed tax, penalties, and interest. There are two types of payments that stop interest on proposed liabilities - a “deposit” and an “advance payment” of tax. You need to decide which type is right for you. Payment instructions are in the letter sent with the proposed changes report.
The Appeals Process

People sometimes disagree on tax matters. The IRS has an appeals process to resolve tax issues, without going to court, and most disputes are considered and resolved informally and promptly. The Appeals Office is separate and independent from the IRS office that is auditing your return. However, if you do not want to appeal, or you appealed and disagree with the Appeals determination, you may have the right to take your case to court.

How to Appeal a Decision

You must tell the IRS if you disagree with the proposed changes and you want to appeal. Send the written request to the address on the letter within the timeframe given. To appeal a decision, your reasons for disagreeing must be within the scope of the tax laws. For example, you cannot appeal your case based on moral, religious, political, constitutional, conscientious, or similar grounds.

Note: All information to support your position should have been provided to the examiner during the audit. If you provide substantial additional documentation after the audit, your case will be sent back to the examiner for consideration.

Reminder! Call the number on the letter to address your concerns before beginning the appeals process.

Appeals Requests

When you request an appeals conference, you may also need to file a formal written protest or a small case request with the office named on our letter to you. Refer to Publication 5, Your Appeal Rights and How to Prepare a Protest if You Don’t Agree, if the amount you want to appeal is greater than $25,000.

Small Case Request ($25,000 or less)

If the amount you want to appeal is $25,000 or less in proposed change in tax, penalties, and interest for each tax period, you can:

- Use Form 12203, Request for Appeals Review, available on www.irs.gov, or by calling 1-800-829-3676, or
- Send in a brief written statement requesting an Appeal. Indicate the changes you do not agree with and why you do not agree with them.

What to Expect After You Request an Appeals Conference

Once the IRS receives your request for an appeals conference, the examiner will forward your case to Appeals. Appeals will contact you to arrange a conference.

Appeals will usually conduct the conference with you and/or your authorized representative by telephone or correspondence, but may consider your request for a face-to-face conference if your case involves complex issues. To discuss whether a face-to-face conference might be better for you, call the number provided on the initial contact letter you received from Appeals.

You or your qualified representative should be prepared to discuss all disputed issues at the conference. Most differences are settled at this level. Only attorneys, certified public accountants, or enrolled agents are allowed to represent a taxpayer at the Appeals conference. An unenrolled preparer may be a witness during the conference, but not a representative.

U.S. Tax Court

Once the IRS or Appeals sends you a Statutory Notice of Deficiency containing Tax Court rights, you can then file a petition with the U.S. Tax Court to review the determination.

Note: Tax Court is generally a “prepayment” forum, which means you can petition Tax Court before an assessment or payment is made.

A case petitioned to the U.S. Tax Court will normally be considered for settlement by an Appeals Office before the Tax Court hears the case. You must file your petition within the timeframe specified in the letter (usually 90 days). There is a filing fee, but the fee may be waived if you qualify.

Note: The law sets the time you are allowed to file your petition; the IRS cannot change the time period. You have only the timeframe specified to petition the Court even if you continue to talk to IRS examiners or Appeals.

In addition to its regular procedures for filing a petition, the U.S. Tax Court has simplified procedures for small cases if your dispute is $50,000 or less for any tax year.

To use the simplified procedures, the total amount of tax, interest, and penalties, including accrued but unassessed interest and penalties for each tax year must not exceed $50,000, calculated as of the date the petition is filed.

Note: If you use the simplified procedure, you cannot appeal the Tax Court’s decision.

You can get information about regular and simplified procedures and other matters at the Tax Court’s web site www.ustaxcourt.gov or by writing to:

Clerk of the U.S. Tax Court
400 Second St NW
Washington, DC 20217

District Court and the Court of Federal Claims

You may take your case to your U.S. District Court or the U.S. Court of Federal Claims, but generally only after you have paid the tax and filed a claim for refund with the IRS. You can get information about procedures for filing suit in either court on their web sites or by contacting the clerk of the court nearest you. You can find the address and telephone number in the government section (blue pages) of your local telephone book.

- District Court www.uscourts.gov
- Court of Federal Claims www.cofc.uscourts.gov
Frequently Asked Questions

1. How long does the audit process take?
   The length of an audit varies and depends on many factors, including the type of audit. You can help the process go faster by responding on time with all the documents we request. Once you have replied and provided all your documentation, the IRS will review what you submitted. If additional time is needed to complete your audit, you will be notified by mail.

   Audits in which all requested documentation or a signed agreement is received can be closed quickly. Other types can take several months.

2. How do I know if you received the requested information I submitted?
   The IRS will send you a letter within 30 days acknowledging receipt of documents you submitted to us by mail or fax.

3. I received a letter stating I was being audited. Can I speak to the examiner assigned my case?
   Call the number on the letter you received and the examiner who answers your call should be able to provide immediate assistance and answer questions regarding your audit. If it is necessary to speak to your examiner, you can request a call back from that examiner.

4. Can I request a face-to-face interview?
   Although you can request a face-to-face interview, we are usually able to resolve most cases by telephone or correspondence. Face-to-face conferences may be appropriate for complex issues or cases with substantial documentation. You can call to discuss a face-to-face, and if your audit warrants one, your request must be in writing and explain why it is necessary.

5. I was due a refund. When will I get it?
   If we determine that you are still due a refund after the audit is complete, you can expect to receive your refund in 6 to 8 weeks.

6. Will the IRS contact anyone other than my representative or me during the audit?
   Generally, the IRS will deal directly with you or your authorized representative. However, we sometimes talk with other persons if we need information that you have been unable to provide, or to verify information we have received. If we do contact other persons, such as a neighbor, bank, employer, or employees, we generally need to tell them limited information, such as your name. The law prohibits us from disclosing any more information than is necessary to obtain or verify the information we are seeking. Our need to contact other persons may continue as long as there is activity in your case. If we do contact other persons, you have a right to request a list of those contacted. Call the number on the letter you received if you need more information.

7. What if my spouse’s actions led to the proposed changes in our taxes and I wasn’t aware of his/her actions?
   You could be considered what IRS refers to as an Innocent Spouse. If you filed a joint tax return, you are jointly and individually responsible for the tax and any interest and penalty due on the joint return. This is true even if a divorce decree states that a former spouse will be responsible for any amounts due on a previously filed joint return.

   In some cases, a spouse may be relieved of the tax, interest, and penalties on a joint return. Four types of relief are available:
   • Innocent spouse relief
   • Separation of liability
   • Equitable relief
   • Relief from liability arising from community property law

   You must file Form 8857, Request for Innocent Spouse Relief. Publication 971, Innocent Spouse Relief, explains each type of relief, who qualifies, and how to request relief.

8. What if my tax accounts were affected by Identity Theft?
   Identity Theft occurs when someone uses your personal information such as your name, Social Security number and other identifying information without your consent. If you receive a letter from the IRS and you suspect your identity has been stolen, respond immediately to the address, phone or fax number provided on the IRS letter.

   You will need to submit the following documentation to prove your identity theft claim:
   • Authentication of Identity – A copy of a valid U.S. federal or state government issued form of identification (examples include a driver’s license, state identification card, social security card or passport), and
   • Evidence of Identity Theft – A copy of a police report or a completed and signed Form 14039, Identity Theft Affidavit.
What to Do When You Receive a Bill

You will receive a tax bill if you have not paid your taxes in full when IRS requests payment. If you pay your bill in full, you reduce the amount of interest and penalty you owe. If you can’t pay your tax bill right away, pay as much as you can and contact us immediately to explain your situation. We will help you work out a payment plan. For assistance with a payment plan, do one of the following:

- Visit www.irs.gov/Payments
- Call the number listed on your bill.
- Write to us at the address on your bill.
- Visit your local IRS office.
- See Publication 594, The IRS Collection Process

Payment Options – Pay the full amount now

Pay with your Credit or Debit Card

For a fee, you can pay by credit or debit card using an electronic payment service provider. For more information on making a payment using a credit or debit card, visit https://www.irs.gov/payments/pay-your-taxes-by-debit-or-credit-card.

Pay with Electronic Funds Transfer

For a convenient, secure way to pay, you can use the Electronic Federal Tax Payment System (EFTPS). To enroll, visit www.eftps.com or call 1-800-555-4477. For more information, see Publication 966, Electronic Choices to Pay All Your Federal Taxes.

Pay by mail or in person at a local IRS office

You can mail a check to us at the address listed on your bill or bring it to your local IRS office. Make your check, money order or cashier’s check payable to the United States Treasury. Write the tax year, your Social Security Number and phone number on your form of payment. For a listing of offices near you, please visit https://www.irs.gov/help/contact-your-local-irs-office.

Apply for an Installment Agreement

An installment agreement allows you to pay your debt in smaller, periodic payments if you can’t pay the full balance at once. We base the amount and number of your installment payments on the amount you owe and your ability to pay that amount within the time we can legally collect payments from you. You should be aware, however, that an installment agreement is more costly than paying all the taxes you owe now. Penalties and interest will continue to accumulate on the unpaid balance.

Another cost associated with an installment agreement is a user fee. We charge this fee to set up the agreement. If you meet our low-income guidelines, you can pay a reduced user fee. For more information, see Form 13844, Application for Reduced User Fee for Installment Agreements.

There are several ways to apply for an installment agreement:

- Apply online at www.irs.gov if you owe $50,000 or less in combined individual income tax, penalties and interest;
- By phone – Call the number on your letter or 1-800-829-1040;
- By Mail – Complete and mail Form 9465, Installment Agreement Request. If you owe more than $50,000, you will also need to complete Form 433-F, Collection Information Statement;
- In Person at your local IRS office

Apply for an Offer in Compromise

You may be eligible for an Offer in Compromise (OIC) if you can’t pay the amount you owe in full or through installments. By requesting an OIC, you’re asking to settle unpaid taxes for less than the full amount you owe.

For an OIC to be considered, you must pay an application fee and make an initial or periodic payment. However, low income taxpayers may qualify for a waiver of the application fee and initial or periodic payment.

For more information, see Form 656, Offer in Compromise, and Form 656-B, Offer in Compromise (Booklet).

Ask that we delay collection

If you can’t pay any of the amount due, you can request that we delay collection until you’re able to pay. Prior to approving your request, we may ask you to complete a Collection Information Statement and provide proof of your financial status. You should know that if we delay collection, we’ll still charge applicable penalties and interest until you pay the full amount. We may request updated financial information during this temporary delay to review your ability to pay. A Notice of Federal Tax Lien may also be filed to protect the government’s interest in your assets. For more information, see Publication 594, The IRS Collection Process.

Appeal the Collection Decision

You may also appeal the collection decision made by the IRS. For Appeal consideration of liens, levies, seizures, installment agreements or Offers in Compromise, see Publication 1660, Collection Appeal Rights.
General Information
We have provided several options for you to get general information or assistance. For information about a specific examination report, please call the number on the report or letter.

For tax information and help:
Call the number on the letter or bill you received or call us toll free at:

- 1-800-829-1040 (for 1040 filers)
- 1-800-829-4933 (for business filers)
- 1-800-829-4059 TTY/TTD

For tax forms and publications:

- 1-800-TAX-FORM (1-800-829-3676)
- 1-800-829-4059 TTY/TTD

Internet: www.irs.gov
You will find answers to frequently asked tax questions; tax forms online, searchable publications, hot tax issues, and news.

If you prefer to write to us:
Enclose a copy of your letter or tax bill. Print your name, social security number or taxpayer identification number, and the tax form and period shown on your letter or bill. Write to us at the address shown on your letter or tax bill.

You may also visit your nearest IRS Office:
You will find the exact address in your local phone book under U.S. Government or at https://www.irs.gov/help/contact-your-local-irs-office.

Getting Help
The Taxpayer Advocate Service Is Here to Help You

What is the Taxpayer Advocate Service?
The Taxpayer Advocate Service (TAS) is your voice at the IRS. Our job is to ensure that every taxpayer is treated fairly and that you know and understand your rights.

What can TAS do for you?
We can offer you free help with IRS problems that you can’t resolve on your own. We know this process can be confusing, but the worst thing you can do is nothing at all! TAS can help if you can’t resolve your tax problem and:

- Your problem is causing financial difficulties for you, your family, or your business.
- You face (or your business is facing) an immediate threat of adverse action.
- You’ve tried repeatedly to contact the IRS but no one has responded, or the IRS hasn’t responded by the date promised.

If you qualify for our help, you’ll be assigned to one advocate who’ll be with you at every turn and will do everything possible to resolve your problem.

- TAS is an independent organization within the IRS. Our advocates know how to work with the IRS to get your problems resolved.
- Our services are free and tailored to meet your needs.
- We have offices in every state, the District of Columbia, and Puerto Rico.
- Our tax toolkit at www.TaxpayerAdvocate.irs.gov can help you understand your rights, which the IRS must abide by in dealing with you.

How can you reach us?
If you think TAS can help you, call your local advocate, whose number is in your phone book and on our website at https://www.irs.gov/taxpayer-advocate. You can also call us toll-free at 1-877-777-4778; for TTY/TDD 1-800-829-4059.

Low Income Taxpayer Clinics
Low Income Taxpayer Clinics (LITCs) are independent from the IRS. LITCs serve individuals whose income is below a certain level and who need to resolve a tax problem. Most clinics provide professional representation before the IRS or in court on audits, appeals, tax collection disputes, and other issues for free or for a small fee. Some clinics provide information about taxpayer rights and responsibilities in many different languages for individuals who speak English as a second language. To get more information or find a clinic near you, check the LITC page at https://www.irs.gov/advocate/low-income-taxpayer-clinics or IRS Publication 4134, Low Income Taxpayer Clinic List. You can also get this publication at your local IRS office or by calling 1-800-829-3676.