

Troy Ruboyianes' Tax Tips

What are Your Chances of Being Audited by the IRS?

The Treasury Department has issued a report about the number of audits conducted for the tax year 2002. The report details the areas that the audits are focusing on.

For the tax year 2002 the audit rate for individual returns was about 0.65%. This means that less than one in 100 individual returns are being audited. Although this seems like a low audit rate, the audit rate is actually up from 0.57% in the prior year.

Of the returns audited here are some interesting observations:

1. About 55% of total audited returns involved total positive income of less than \$25,000.
2. 76% of audits are conducted through correspondence.
3. Individuals filing tax returns with a Schedule C (Small business) are 10 times more likely to be audited than individuals that have formed Limited Liability Companies or S-Corporations.
4. Corporations with more than \$10 million dollars in assets are more than 20 times more likely to be audited than companies with less than \$10 million dollars in assets.

If you would like to learn more about this report or would like to know what you can do to reduce your chances of being audited please give me a call and we can discuss your personal tax situation.

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P.S. Please don't keep me a secret. You may have a friend or family members who can benefit from this free service. If you appreciate this service, the biggest compliment that I can receive is a referral.

Troy Ruboyianes graduated from the University of Arizona with a degree in accounting, finance, and entrepreneurship and is working for R and A CPA's. He is committed to providing personalized, quality service to business and individual clients and is always interested in developing new client relationships.

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