
What if You Get Audited?

Weekly Educational Update – November 6, 2019

“Audit” is a word that can strike fear into the hearts of taxpayers.

However, the chances of an Internal Revenue Service audit aren’t that high. In 2017, the most recent statistics available, show the IRS audited 0.5% of all individual tax returns.¹

Being audited does not necessarily imply that the IRS suspects wrongdoing. The IRS says that an audit is just a formal review of a tax return to ensure information is being reported according to current tax law and to verify that the information itself is accurate.

Remember, this article is for informational purposes only, and is not a replacement for real-life advice. So make sure to consult your tax, legal and accounting professionals before modifying your tax strategy.

The IRS selects returns for audit using three main methods.

Random Selection. Some returns are chosen at random based on the results of a statistical formula.

Information Matching. The IRS compares reports from payers – W-2 forms from employers, 1099 forms from banks and brokerages, and others – to the returns filed by taxpayers. Those that don’t match may be examined further.

Related Examinations. Some returns are selected for an audit because they involve issues or transactions with other taxpayers whose returns have been selected for examination.

There are a number of sound tax practices that may reduce the chances of an audit.

Provide Complete Information. Among the most commonly overlooked information is missing Social Security numbers – including those for any dependent children and ex-spouses.

Avoid Math Errors. When the IRS receives a return that contains math errors, it assesses the error and sends a notice without following its normal deficiency procedures.

Match Your Statements. The numbers on any W-2 and 1099 forms must match the returns to which they are tied. Those that don’t match may be flagged for an audit.

Don't Repeat Mistakes. The IRS remembers those returns it has audited. It may check to make sure past errors aren't repeated.

Keep Complete Records. This won't reduce the chance of an audit, but it potentially may make it much easier to comply with IRS requests for documentation.



"When you start seeing your value, you'll find it harder to stay around people who don't"
- Unknown



Brunch Frittata



Frittatas are one of the most versatile brunch dishes because you can make them any way you want. They are surprisingly easy and will fill up even the hungriest guests. Here's our favorite frittata recipe:

[6 servings]

Ingredients:

- 8 large eggs
- 1/3 cup heavy cream
- 1 cup mozzarella, shredded

- A sprinkle of salt and pepper
- A pinch of red pepper flakes
- 2 Tsp. olive oil
- 1 green onion, minced
- 3 cloves of garlic, minced
- 8 oz. mushrooms, sliced
- ½ cup ricotta
- 3 cups baby spinach
- Any other toppings you want, such as bacon, ham, broccoli, etc.

Directions:

1. Preheat the oven to 375° F.
2. Whisk together the eggs, heavy cream, and cheese. Season with salt, pepper, and red pepper flakes.
3. Cook the green onions and garlic in the olive oil until soft, then add the mushrooms, spinach, and any other toppings you're using.
4. Pour the egg mixture into the skillet and dollop with the ricotta on top (pro tip: the crust of the frittata will get crispier if you use a cast iron skillet).
5. Bake for 12 minutes.

Recipe adapted from Delish²



Be Safe Online

In today's age of online shopping, online banking, and email databases, it's more important than ever to be safe online. The IRS shares some of their top tips on how to protect your data:

- **Update Your Security Software** - Most computers come with a built-in security software in their operating system, and it's important to always keep your computer up to date to make sure it's running properly. You can also purchase security software from external companies. Just make sure to research the company first to make sure they're not a scam.
- **Only Provide Data to "https://" Sites** - Earlier this year, Google released an update requiring any sites that gather data, such as credit card information, to be

a secure site. This means that their website will start with “https://” instead of “http://.” This update helps keep your data safe.

- **Be Cautious When Using Public Wireless Networks** - Working in a coffee shop with free Wi-Fi is convenient, but these wireless networks aren’t always secure. Be careful about what information you share while connected to these free wireless networks, especially if they don’t require a password.

* This information is not intended to be a substitute for specific individualized tax advice. We suggest that you discuss your specific tax issues with a qualified tax professional.

Tip adapted from IRS.gov³



Forget the Score and Just Play

When you’re having a bad game, it can be hard to think of anything else besides the ball you just shanked, your double bogey, or the slow, chatty group in front of you. So, here’s a tip: for the rest of the game, forget the score and just play.

There are so many things to love about golf, even when you’re having an off day. You’re with your buddies enjoying time outside, you’re getting some exercise in, and you’re practicing your game. So, if you find yourself getting frustrated, tuck the score card away and just play. You might find that your posture improves, your grip loosens, and you might even start parring some holes. You could also spend this time really focusing on your technique and perfecting it where you can.

The game isn’t always about the number on the scorecard. Sometimes you just need a round or two of pure enjoyment.

Tip adapted from Golf Tips Magazine⁴



Eat the Rainbow, Reap the Rainbow

You might have heard that your plate should have all the colors of the rainbow, but do you know why? Every food has their own health benefits and colors can help you determine which health benefits you're enjoying. Here's a quick summary of some of the benefits associated with these colored foods:

- Red foods contain lycopene, which is a powerful antioxidant that can help reduce the risk of cancer and keep our heart healthy.
- Orange/yellow foods have lots of carotenoids, which help maintain healthy mucous membranes, eyes, and might help prevent cataracts and blindness.
- Green foods contain various compounds that have anti-cancer properties. They're also an excellent source of folate.
- Blue/purple foods have antioxidants called anthocyanins, which can help protect cells from damage and may reduce the risk of cancer, stroke, and heart disease.
- White foods are known for their antiviral and antibacterial properties, and some (like bananas) are a good source of potassium.

Tip adapted from Nutrition Australia⁵



Eco-Friendly Dog Toys

Many dog owners treat their pups like kids and want to give them toys that they'll love. Unfortunately, many dog toys are made with harmful plastics, chemicals, and other additives. But there are plenty of eco-friendly dog toys to choose from that will make both your dog and the planet happy.

- Not only are [these chew toys](#) super durable, but they're also completely recyclable through the company's closed-loop recycling program. Simply ship it back to them to reduce waste (even though they're so long lasting, you might never need to).
- [These little wool balls](#) are both pretty and fun. They're made with renewable wool, colored with all-natural dyes, and have an all-wool center, meaning that they're safe if dogs ingest them. Instead of using an artificial polyester filling, the company uses sustainable, safe materials.

When shopping for eco-friendly pet toys, look for ones that are made with natural or recycled material and can be recycled after they're used up as well.

Tip adapted from One Green Planet⁶

Share the Wealth of Knowledge!

Please share this educational update with family, friends, or colleagues.

We love being introduced!

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¹ <https://www.irs.gov/statistics/enforcement-examinations>

² <https://www.delish.com/cooking/recipe-ideas/a24229816/frittata-recipe/>

³ <https://www.irs.gov/newsroom/seven-tips-to-protect-your-computer-online>

⁴ <https://www.golftipsmag.com/forget-the-golf-score-and-just-play/>

⁵ <http://www.nutritionaustralia.org/national/resource/eat-rainbow>

⁶ <https://www.onegreenplanet.org/lifestyle/10-eco-friendly-toys-for-dogs/>