



**Small Business Self-Employed (SB/SE)
Field Examination**

Insight of issues and Accounting methods

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May 21, 2024



Small Business Self-Employed (SB/SE) Field Examination

Objective:

To discuss insight into issues and accounting methods that can assist small businesses and tax professionals in preparing tax returns.



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Good recordkeeping year-round helps taxpayers avoid tax time frustration

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Inflation Reduction Act

Tax Reform

Taxpayer First Act

Tax Scams/Consumer Alerts

IRS Tax Tip 2022-183, November 30, 2022

Wading through a pile of statements, receipts and other financial documents when it's time to prepare a tax return can be frustrating for people who haven't managed their records. By knowing what they need to keep and how long to keep it, people can develop a [good recordkeeping](#) system year-round and make filing their return easier.

Good recordkeeping can also help taxpayers understand their situation when they receive letters or notices from the IRS.

Good records help:

- **Identify sources of income.** Taxpayers may receive money or property from a variety of sources. The records can identify the sources of income and help separate business from non-business income and taxable from nontaxable income.
- **Keep track of expenses.** Taxpayers can use records to identify expenses for which they can claim a deduction. This will help determine whether to itemize deductions at filing. It may also help them discover potentially overlooked deductions or credits.
- **Prepare tax returns.** Good records help taxpayers file their tax return quickly and accurately. Throughout the year, they should add tax records to their files as they receive them to make preparing a tax return easier.

[Good records help a lot!](#)



Small Business Self-Employed (SB/SE) Field Examination

An everyday part of doing business

- Monitor progress of business activity
- Prepare financial statements
- Identify receipt sources
- Track deductible expenses
- Prepare tax returns and/or maintain documents
- Support items reported on tax returns
- Establish separate business account
- Reconcile account regularly
- Retain deposit information and receipts
- Use business account for all business transactions



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Recordkeeping Timeframes

- The length of time you should keep a document depends on the action, expense, or event which the document records.
- Period of limitations that apply to income tax returns
- Records connected to property
- Records that are no longer needed for tax purposes



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Electronic Records

- Same recordkeeping requirements
- Electronic records are generally accepted by the IRS
- Always check with the auditor assigned before submission
- Saves time & money



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How does the Audit process begin.....

- Selection Process
- Notification of an Audit
- Audit Process after notification
- Conclusion of the Audit



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Individuals

Businesses and Self-Employed

Business Tax Account

Small Business and Self-Employed

Employer ID Numbers

Business Taxes

Reporting Information

Returns

Self-Employed

Starting a Business



IRS Audits Affected by Coronavirus

See the exam guidance memos in [IRS Operations During COVID-19: Compliance](#).

An IRS audit is a review/examination of an organization's or individual's accounts and financial information to ensure information is reported correctly according to the tax laws and to verify the reported amount of tax is correct.

- [Why am I being selected for an audit?](#)
- [How am I notified?](#)
- [How will the IRS conduct my audit?](#)
- [What do I need to provide?](#)
- [How do I know if the IRS received my response?](#)
- [What if I need more time to respond?](#)
- [How far back can the IRS go to audit my return?](#)
- [How long does an audit take?](#)



Audits by Mail - What to Do?

[Transcript](#) | [ASL](#)

[IRS audits and more](#)



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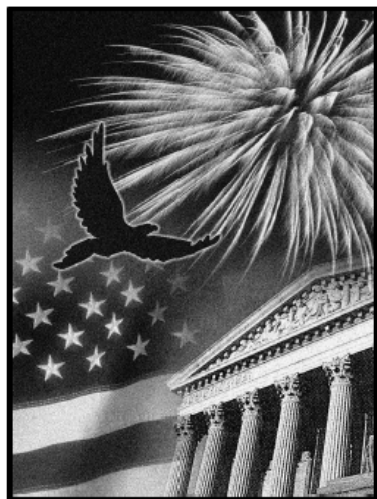


Department of the Treasury
Internal Revenue Service

Publication 556

(Rev. September 2013)
Cat. No. 15104N

Examination of Returns, Appeal Rights, and Claims for Refund



Get forms and other information
faster and easier here.

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The IRS Mission

Provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness to all.

Reminders

Penalty for filing erroneous claim for refund or credit. You may have to pay a penalty if you file an erroneous claim for refund or credit. See *Penalty for erroneous claim for refund*, later under *Claims for Refund*.

Interest and penalties suspended if notice not mailed within 36 months. If you file your return timely (including extensions), interest and certain penalties will be suspended if the IRS does not mail a notice to you within 36 months. See *Suspension of interest and penalties*, later under *Examination of Returns*.

Fast track mediation. The IRS offers fast track mediation services to help taxpayers resolve many disputes resulting from:

- Examinations (audits),
- Offers in compromise,
- Trust fund recovery penalties, and
- Other collection actions.

See *Fast track mediation* under *If You Do Not Agree*.

Introduction

The Internal Revenue Service (IRS) accepts most federal tax returns as filed. However, the IRS examines (or audits) some returns to determine if income, expenses, and credits are being reported accurately.

If your return is selected for examination, it does not suggest that you made an error or are dishonest. Returns

About Publication 556, Examination of Returns, Appeal Rights, and Claims for Refund

This publication discusses general rules and procedures that the IRS follows in examinations, what happens during an examination, your appeal rights, and how to file a claim for refund of tax you already paid.



Small Business Self-Employed (SB/SE) Field Examination

- **Online Payment Options (recommended)**

- Electronic Federal Tax Payment System (**EFTPS**)
 - For business federal tax deposits and corporations estimated payments
 - Can be used for business and individual voluntary payments, installment agreement payments, individual estimated tax payments
 - Enroll, make payments and review payment history via EFTPS.gov. You can also pay via phone by calling (800) 555-3453
- Bank account **Direct Pay** (IRS.gov/payments or IRS2GO Mobile App)
 - Individual payments only
- Debit card or credit card (IRS.gov/payments or IRS2GO Mobile App)
 - Fees apply
- Electronic Funds Withdrawal (during e-filing)



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IRS wraps up 2023 Dirty Dozen list; reminds taxpayers and tax pros to be wary of scams and schemes, even after tax season

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Topics in the News

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Multimedia Center

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IR-2023-71, April 5, 2023

WASHINGTON — The Internal Revenue Service wrapped up the annual [Dirty Dozen](#) list of tax scams for 2023 with a reminder for taxpayers, businesses and tax professionals to watch out for these schemes throughout the year, not just during tax season.

Many of these schemes peak during filing season as people prepare their tax returns. In reality, these scams can occur throughout the year as fraudsters look for ways to steal money, personal information, data and more.

To help people watch out for these scams, the IRS and the Security Summit partners are providing an overview recapping this year's Dirty Dozen scams.

"Scammers are coming up with new ways all the time to try to steal information from taxpayers," said IRS Commissioner Danny Werfel. "People should be wary and avoid sharing sensitive personal data over the phone, email or social media to avoid getting caught up in these scams. And people should always remember to be wary if a tax deal sounds too good to be true."

Working together as the Security Summit, the IRS, state tax agencies and the nation's tax industry, including tax professionals, have taken numerous steps since 2015 to warn people about common scams and schemes during tax season and beyond that can increase the risk of identity theft. The [Security Summit](#) initiative is committed to protecting taxpayers, businesses and the

[Dirty Dozen](#)



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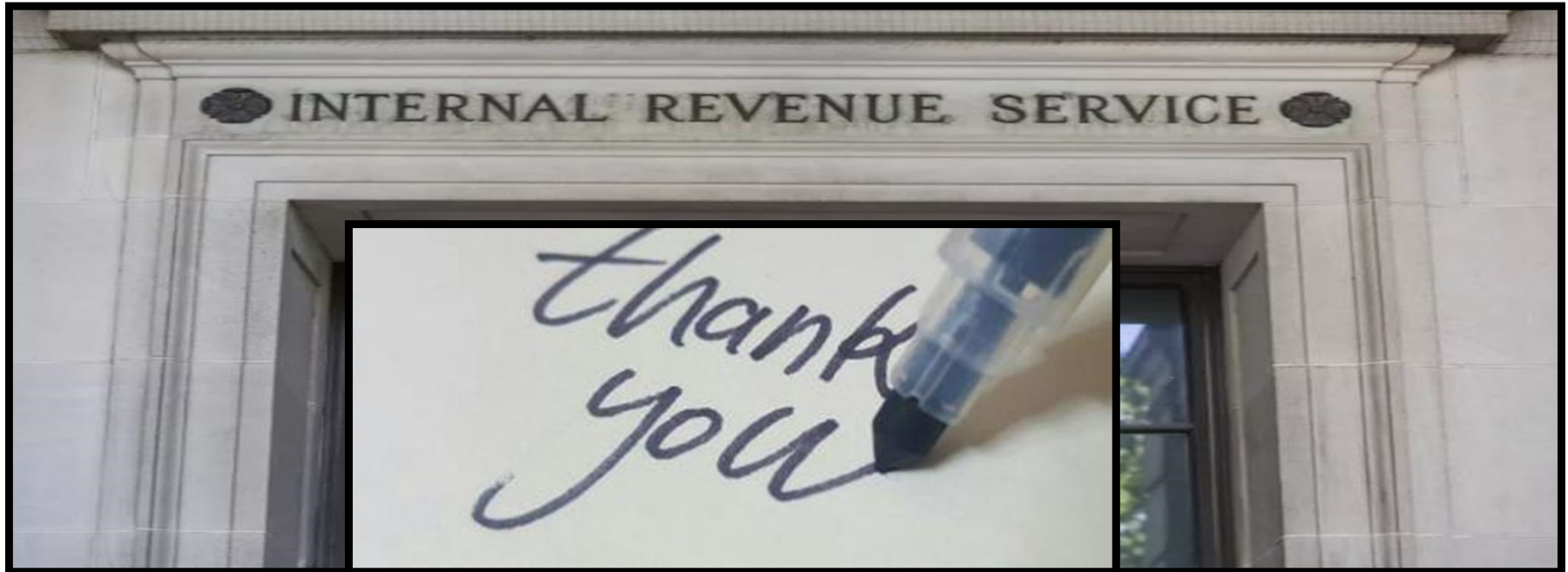
Identity Theft and Scams

- Report suspicious emails to phishing@irs.gov
- Report suspicious calls to TIGTA at 800-366-4484 or online at IRS Impersonation Scam Reporting
- Familiarize yourself with Publication 4524, TAXES. SECURITY. TOGETHER. Security Awareness For Taxpayers
- Visit [IRS.gov/identitytheft](https://www.irs.gov/identitytheft) if your SSN has been compromised
- Request an IP PIN at [IRS.gov/getanippin](https://www.irs.gov/getanippin)

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Small Business Self-Employed (SB/SE) Field Examination (Resources)

| Publications, etc. | Description |
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| Publication 1 | About Publication 1, Your Rights As A Taxpayer |
| Notice 609 | Privacy Act |
| Publication 3498 | The Examination Process |
| Publication 556 | Examination of Returns, Appeal Rights, and Claims for Refund |
| Publication 5828 | Secure Messaging |
| Publication 5123 | Accounting Periods and Methods |
| Form 6765 | Credit for Increasing Research Activities |
| Who to call? | Business and Specialty Tax Line and EIN Assignment (800) 829-4933. |
| Publication 583 | Starting and Business and keeping records |
| Publication 463 | Travel, Entertainment, Gift, and Car Expenses |



Field Examination

[IRS Audits](#)

(800) 829-4933