Article Side
IRS Offer in Compromise and Auditing Information by Lawrence J. Danny

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IRS (Internal Revenue Service) is of the U.S Federal Government. It is an agency responsible for tax collection along with the enforcement and implementation of the Internal Revenue Code. Income tax holders can file an Offer in Compromise wherein they offer for less tax payment from the full tax debt to the IRS. This is one of the ways to get rid of tax debts. The IRS at its discretion may accept this offer on doubt of full tax payment or actual liability. Its application requires you to fill Form 656 and 433-A. the amount payment to the IRS is to be calculated using Form 433-A Worksheet. There are also certain terms and conditions which are supposed to be followed while filing an Offer in Compromise IRS. You also need to protect it from periodic revokes by the IRS by filing and paying taxes on time for the next five years. You can successfully render the benefits by submitting the full backup documents to sustain your offer submission.

IRS carries out an auditing process which is a review or an examination of the tax holderâ€™s account and monetary information to guarantee that it has been reported appropriately in accordance with laws of taxation so that the tax amount reported is verified and accurate. IRS Audit not always the cause of an error being made by the tax holder. Sometimes it is done on a random basis, when the documents donâ€™t match the information being reported and when transactions or issues with business partners, other tax payers or investors are found.

Audit by the IRS can be done via email or a personal interview along with the review of the taxpayerâ€™s documents. This auditing interview can take place anywhere, be it at the IRS office, home of the taxpayer, office, etc. During the IRS Audit, the taxpayer is entitled of certain rights like right to privacy of tax matters, right to appeal disagreements both in court and within IRS, right to representation and much more. Audit by the IRS may could in one of the three ways that is no change, agreement with the changes and lastly disagreement with the changes proposed by the IRS.

Regardless of the fact whether you are a big firm owner generating huge revenues or a small firm owner reaping minimal monetary results, you are always prone to an audit by the IRS. One of the most stressful points for an owner is the IRS Audit for small businesses. In order to make this process a lot less painful, you need to clearly know the expectations and prepare for it before time. It is advisable to keep a foolproof record during the tax year prior to filing your tax return. By doing so all the information that the IRS agent needs during an IRS Audit for small businesses is kept handy and ready.

If you are waiting too long to file your tax return, then the consequences may get worse for you. Unfiled tax return always gets harsher with time and it is always sensible to pay them off as soon as possible. IRS puts greater penalties for not filing a tax return than those who are not paying taxes. Therefore, all you need to do is file an unfiled tax return the earliest possible in order to reduce interests and penalties.

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Lawrence J. Danny - About Author:
Lawrence J. Danny is an author of this article who writes about the a Audit by the IRS, Unfiled Tax Returns, IRS Offer in Compromise and IRS Audit. He has also written about the importance of a Offer in Compromise IRS, and IRS Audit Small Business.

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