

## Tax Audits and Appeals

For their tax audits and appeals, individuals and businesses trust in the experience of our former IRS trial attorney with more than 20 years of tax advocacy. Tax audits can range from simple inquiries for Forms 1099 and other routine reporting matters to serious examinations involving potential criminal jail time, fraud, or negligence penalties. If you receive an audit letter, you have certain defined rights including the right that the audit be conducted in the least intrusive way possible. Greenspoon Marder will stop the IRS or State from conducting the audit at your business location or home, and work with them to resolve the matter.

Following an audit, the IRS and most states offer an administrative appeal process. In the IRS, the process is conducted by the IRS Appeals Office and is available either before the U.S. Tax Court or during a Tax Court proceeding. The IRS appeals process is a taxpayer's opportunity to settle a tax matter based upon "hazards of litigation" – or the chance of winning – 50/50, etc. Litigation hazards are generally proven through taxpayer testimony, documents and U.S. Tax Court precedent. Successful appeals require the expertise of a successful litigator.

### IRS Audits

There are three general types of audits – correspondence, office and field audits. Field audits are the most extensive and, if they involve a business, the IRS often wants to tour the business operations and conduct the audit in the business office.

Audits begin with an audit letter that sets forth the scope of the audit and the records the IRS would like the taxpayer to provide. Audits usually include Information Document Requests (IDR) and, in some audits, the IRS issues Summonses for information that can be enforced in U.S. District Court. At the conclusion of an audit, the IRS provides a Revenue Agent Report that summarizes the results and any tax or refund that may be due. Taxpayers then have an opportunity to accept the results of the audit or challenge them in U.S. Tax Court. For a discussion of this process, please see our Tax Litigation page.

### IRS Appeals

The Office of Appeals is an agency in the IRS, largely comprised of former revenue agents and officers, that is tasked with settling exam and collection disputes. The most common points at which taxpayers are provided appeal rights is upon the conclusion of an audit and during a collection matter when the IRS is preparing to levy or has filed a Notice of Federal Tax Lien.

For an audit determination, taxpayers have the option of exercising their appeal rights before being issued a final Notice of Deficiency or after they have filed a petition in the U.S. Tax Court. Appeals are often based on hazards of litigation, and it takes an experienced tax court litigator to establish these hazards during the appeals process.

Individuals and businesses who owe taxes to the IRS face two powerful weapons – liens and levies. Once assessed, a tax liability gives rise to a lien in favor of the IRS against all of the taxpayer's property and rights to property. This lien, in order to be perfected, must be recorded through a properly filed Notice of Federal Tax Lien. Once filed, the Notice of Lien provides public notice of the tax liability and perfects the IRS's interest in the taxpayer's property.

While a lien provides notice of the debt, a tax levy is the IRS or state's actual act of taking a taxpayer's property in order to pay the debt. Generally, the IRS likes to levy bank accounts and the states like to levy wages – but they can both act against wages and assets if they deem it necessary and it is authorized by the law and Internal Revenue Manual (in the

case of the IRS).

For more information on how our Denver tax attorneys can assist you with tax audits and appeals, please contact Nick Richards at [nick.richards@gmlaw.com](mailto:nick.richards@gmlaw.com).

### **Lead Attorney**

- Nick Richards

### **Related Areas**

- Denver Tax Attorneys
- IRS Offers and Payment Plans
- Tax Litigation
- White Collar and Criminal Tax

### **Publications**

- Understanding the Impact of the IRS's Standard Deduction Update
- Tax Avoidance v. Tax Evasion – One of These is Not Like the Other
- Crypto Audits
- High Net Worth Audits
- Surviving an ERC Audit