

## **IRS AUDITS BEGIN**

This year, 2,000 employers are going to be notified that the IRS has randomly selected them for an employment-tax audit. The IRS intends to audit another 2,000 employers in 2011 and still another 2,000 in 2012.

What's going on? The first Employment Tax National Research Project in 25 years. The last such study was conducted during the 1980s.

The IRS says it has two goals for the project: (1) to secure statistically valid information for computing the employment-tax gap and (2) to determine compliance characteristics so that it can focus on employment-tax areas having the most noncompliance.

Taxpayers should expect the audits to be comprehensive. The IRS will review employment-tax returns line by line and conduct face-to-face interviews. One area that is likely to receive a good deal of attention is worker classification (the employee vs. independent contractor issue).

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