

BUSINESS

Do these 3 things if you want the IRS to audit you

But if you'd rather avoid the attention of the Internal Revenue Service, try not to make these mistakes on your tax return.



Only about 1 percent of federal tax returns get audited, but you don't want to be in that number. Photo Credit: Getty Images/iStockphoto/Jim Vallee

By Sheryl Nance-Nash

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Sometimes you want to be in the spotlight, but then there are times when you don't want to bring attention to yourself — from, for instance, the IRS.

While statistics show only about 1 percent of returns get audited, you don't want to be in that number.

Here are three things to avoid that could make the IRS do a double-take at your return.

You're too generous

“Charity is an area where a lot of people pad their deductions, so year after year it's on the Top 10

red-flag list,” says Abby Eisenkraft, author of "101 Ways to Stay Off the IRS Radar." If your deductions appear high in comparison to your income, the IRS will want to see receipts. Substantiation is required for every deduction, regardless of the amount, she says.

Missing information

Be mindful of third-party reporting. If you received interest income, or were paid as an independent contractor, for example, the issuer is required to report that information to the IRS. “If you fail to report those figures [to the penny] on the individual or business return, you will most definitely receive a letter from the IRS. They have a matching system in place, and if your numbers don’t match theirs as received by third parties, you will definitely be flagged,” says Laurie Kazenoff, partner and co-chair of the tax law department at Garden City-based Moritt Hock & Hamroff.

The math makes no sense

If business or itemized deductions equal or exceed the taxpayer’s total income, their legitimacy will be questioned. “In this scenario, the IRS will wonder how you’re living if you have all these deductions, with such low income in comparison,” says Anthony Viola, a partner with KVLMS, CPAs in Woodbury. “The tax return has to make sense to the IRS.”

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