

Employment Audits to Begin in February 2010 ([Headliner Volume 280](#), November 9, 2009)

In February 2010, the Internal Revenue Service will begin its first Employment Tax National Research Project in 25 years. The IRS will randomly select 2,000 taxpayers each year for the next three years. Taxpayers will receive notices describing the NRP process similar to those used in recent NRP studies for individuals and Form 1120S corporations.

Examinations comprising the study will be conducted to collect data that will allow the IRS to understand the compliance characteristics of employment tax filers. When completed, this information will help the IRS select and audit future employment tax returns with the greatest compliance risk.

The IRS will:

1. Review employment tax filings,
2. Review business records for improperly classified independent contractors,
3. Review S corporation owner wages for reasonableness, and
4. Review [accountable plan](#) compliance for travel and auto reimbursements.

To conduct its audit, the IRS is probably going to request the QuickBooks file for the business. The IRS reportedly purchased 800 licenses from QuickBooks for training their auditors. If the client provides his QuickBooks file to the IRS auditor, he will also give the examiner access to more than one year's information. Will this lead to more multi-year audits? To limit the client's exposure and provide data only between certain dates, perhaps "[Data Transfer Utility](#)" will help.