

I SURVIVED IT AND SO CAN YOU WITH MY...

TOP 5 TIPS FOR SURVIVING A TAX AUDIT

If you ever find yourself part of the 2-3% of the population that gets selected for a tax audit, it's not the end of the world!

Follow these tips to ensure that you are well-equipped to pass with flying colors!

#1 - DON'T REACT, RESPOND

When you react, you are letting a situation control you. When you respond, you are taking control of the situation. If you get selected for an audit, there is absolutely nothing you can do to change it. So instead of immediately going into panic mode (which would be totally normal, and my gut reaction as well), take a breath and realize it is not the end of the world. *Audit does not automatically equal jail.* Seriously, I thought I was gonna go to jail! I have learned through this experience that your reaction and response make all the difference in the world!

This philosophy can be applied to every single situation you face in life. When you simply just *react* to situations, you lose. When you allow a situation to control you, you usually end up doing something that will get you in trouble.

By learning how to *respond*, you are taking control, looking at it from a positive perspective, learning from it, and that means YOU WIN!!

#2 - BE HONEST

Like I said above, audit does not automatically equal jail time... if you have nothing to hide. Most people who get audited are not purposely trying to 'pull one over' on the IRS. {If you are, then you probably do have something to worry about.} Generally speaking, you probably just transposed some numbers, miscalculated your expenses, or were randomly selected as part of a research project having done absolutely nothing wrong (#handraise).

When you meet with your auditor, they will ask you A BUNCH of questions. Answer honestly. Chances are they already know the answer, so you won't be doing yourself any favors if you try to bend the truth.

Honesty really is the best policy!

#3 - HAVE SOMEONE IN YOUR CORNER

For years and years, I did my taxes myself using an online service. It just so happened that for the tax year of 2017, I decided to have a tax preparer do them. That was the exact year I was audited for, and boy was I super grateful to have someone in my corner!

If you are working for an employer, or run a very small business with only a few expenses and deductions, the free do-it-yourself programs will probably work just fine for you. If you are a business owner, have multiple streams of income, claim home office expenses, mileage, and the full array of other business expenses you can legally deduct, it is worth it to spend a little extra money each year and have your taxes done professionally by someone who will have your back.

#4 - DOCUMENT EVERYTHING!

And by everything, I mean EVERYTHING! If you think you are keeping too many notes, you probably need to keep more. I can't remember what I did yesterday, let alone who I paid for what three years ago! You need to be able to recount all the details of your income and expenses if you are audited. You may be asked to provide bank statements for any accounts that have your name on them and be able to verify every taxable and non-taxable deposit into those accounts.

I can assure you, *if you don't document it, you won't remember it!*

One thing I have found super helpful for documenting is ALWAYS use the memo section when writing or receiving a check. If you do your banking online, you may be able to input a note when making a transfer. If you have multiple accounts and you transfer money between them this definitely comes in handy!

#5 STAY ORGANIZED

This goes hand in hand with the above. When you document everything, if you can't keep it all organized, you will have a mess on your hands come tax time. It is imperative that you have a system. *But systems only work when you do, so you have to keep up with it!* Set aside time each week to update your income and your spending. I know you're busy, but trust me, if you do this regularly the time will seem very minimal compared to getting hit with it all at once on Jan.1st, and needing to go back through 12 months' worth of expenses and categorize them!

There are so many software programs out there that can help with this... but most come with a pretty high cost or have a monthly fee to maintain. With my expense and mileage trackers, you can spend maybe 30-60 minutes a week inputting your income and expenses, and everything else automatically populates, calculates and keeps running monthly and yearly totals for you. All for a minimal one-time cost and no yearly fee to maintain. You will find this to be one of your most valuable tools for staying organized.



I WAS AUDITED, AND I SURVIVED.

IF YOU PUT THESE TIPS INTO PRACTICE AND UTILIZE THE TOOLS I HAVE CREATED FOR YOU, YOU WILL SURVIVE TOO!!