



TAXPAYERS DEFENSE INSTITUTE

AN ASSOCIATION OF TAX PROFESSIONALS IN DEFENSE OF TAXPAYERS' RIGHTS

Dan Pilla's E-Bulletin

In the October/November 2009 issue of *Pilla Talks Taxes*, in an article entitled "THE IRS STRATEGIC PLAN: What to Expect in Tax Law Enforcement Over the Next Five Years," I talked about the IRS's Five-year Strategic Plan. Specifically, I disclosed how the IRS intends to pursue its audit enforcement initiatives against small businesses in the coming years.

What was a *prediction* then is *reality* now.

At the end of April, the IRS launched its first wave of National Research Program audits against small businesses. This attack will come in the area of employment tax compliance. This first wave of audits will involve at least 6,000 random audits of small businesses. Expect the number of audits to grow from there.

In these audits, the IRS will look at:

- Independent contractor issues,
- Reasonable compensation to corporate officers,
- Payment of fringe benefits to employees, and
- Employment tax return non-filers.

As potential counsel for these audit clients, you need to make yourself aware of these audit issues and how to address them. Review the article mentioned above and the resource material that I identify in that article so you are ready to help your clients when they seek your assistance.

Remember that back issues of the newsletter are archived on the TFI web site, "members only" page.

Dan Pilla

215 W. Myrtle Street
Stillwater, MN 55082
651-439-3965
651-439-3998 Fax