



HOW TO SURVIVE AN IRS AUDIT?



THINGS TO KNOW DURING AN IRS AUDIT



INTRODUCTION

Hi, my name is Claudia. I am a tax attorney with over twenty years of experience dealing with the IRS. However, most importantly, I understand how overwhelming this can be. I know about the feeling of panic that sets in when you see that new IRS letter. I bet you may even have a few unopened ones in a drawer in your home or office.

But guess what? It doesn't have to be that way. You don't have to fear the IRS; I will tell you why. While the IRS is a mammoth government agency with vast resources, it is also forced to play by specific rules. Rules that I am going to reveal to you here. After all, David needed a slingshot to beat Goliath.

You got this!

Claudia Moncarz

1

Unless the IRS selects your return for audit within two years of filing, you're probably home free.

2

The IRS considers all virtual currency (such as cryptocurrency) property. If you sell it or trade it for another virtual currency or another item, you must report the transaction on your tax return.

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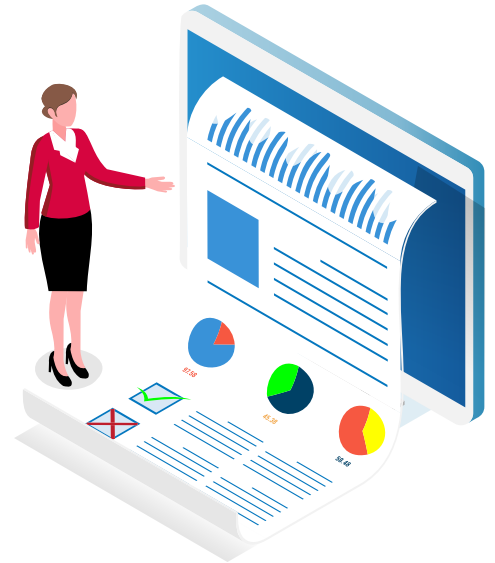
Make sure any advice you receive from the IRS is put into writing! The IRS may abate penalties caused by their inaccurate written information. Be sure to keep it until the assessment expiration date has expired.

4

Although it's ideal to have an accurate return, don't worry about obvious mistakes such as math errors or missing forms. The mistakes won't cause your return to be singled out for an audit

5

Don't challenge the IRS on tax law interpretation unless your position is solid and the disputed dollars are large in relation to the risk and exposure.



6

If you receive virtual currency in exchange for providing a service, even as a contractor, it is recognized as income and must be reported on your tax return.

7

A common misconception is that if you don't trade crypto back to U. S. dollars, you do not owe taxes on any gain. However, that is a sale, and you must report it (see # 2). And remember, trading one crypto for another is taxable and must be reported.



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Be sure to include all income forms on your tax return. Amounts on Information returns are reported to the government and matched to your tax return.

9

Document, document, document. Documentation is vital to supporting your position.

10

Determining the value of a crypto transaction can be a challenging endeavor. Whether trading peer-to-peer via a crypto exchange or transacting in a cryptocurrency with no published value, these factors could be critical if not reported correctly. That is why document, document, document all your trades (see # 9)

11

Amended returns are perfectly legal, but it does call IRS attention to your return, especially if you're asking for a refund.



12

Anytime you respond to the IRS, it's a good idea to send a copy of the audit letter or notice along with copies of your documentation.

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Respond to IRS letters & notices promptly. In fact, be sure to read the entire notice or letter. The usual due date for a response is 30 days, but every once in a while, they'll change the deadline to see if you're paying attention.

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However, sometimes (contrary to #9), it may pay to ignore the notice of adjustment or notice of audit. Just be sure that you understand the consequences of doing so.

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Most of the time, when you purchase an NFT, you do by disposing of your crypto. When this happens, you have taxable gain or loss on the crypto you've used to make that NFT purchase. And you have to report this gain or loss.



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If possible, don't give the auditor the opportunity to retain a document. Make the auditor ask you for the document again if they need to see it or have a question.

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If you have a difficult time working with the auditor, perhaps due to a personality clash, you can request their supervisor or even another auditor to be assigned to your case.

18

If possible, it's usually best to arrange for the IRS agent to examine your books and records away from your place of business. This may be a good time to ask for your accountant or attorney to help.

However, remember that it's usually best to try hard to get along before requesting a replacement.



19

If you believe that you'll end up in disagreement with the auditor's adjustments, it may be wise to seek assistance from a CPA, attorney, or enrolled agent. They are the only professionals permitted to practice before the IRS.

20

Be aware of the forms you sign; you may be forfeiting your opportunity to appeal to the US Tax Court.

21

You have every right to question the auditor or agent on all adjustments. Now is the time to find out what the auditor's strong and weak points are regarding your return.

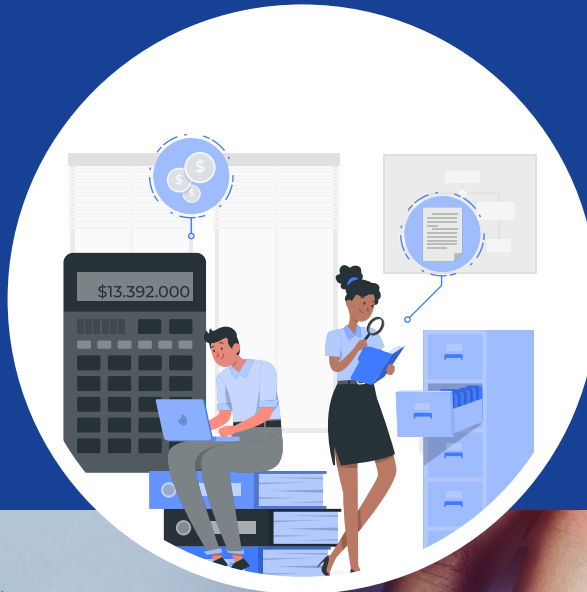
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If you want to fight but without going to tax court, let the IRS know you want to make an administrative appeal to a higher level within the agency.



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Paying the tax before you go to court won't hurt your case, and it will limit your liability if you lose.



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The tax rules that cover crypto, such as Luna, also apply to a non-fungible token. NFTs are subject to the same rules as cryptocurrency.



If you are dealing with an audit or owe money to the IRS, call us for a consultation to discuss your options in confidence. You have nothing to lose and can gain the peace of mind most people already enjoy. Why not get some for yourself.

Call my office today at

786-541-2705

to set up an appointment for a consultation today, or click [HERE](#) to schedule a consultation.

NEXT STEP

