

# What to do if you're audited



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[www.oregon.gov/DOR](http://www.oregon.gov/DOR)

## General information

The department examines returns for several reasons. Many examinations are based on adjustments already made by the Internal Revenue Service (IRS), with which we share information. Other returns are selected because there are sections of tax law which require additional focus because of difficulties in tax law application.

Auditing is reviewing a return to make sure it was prepared correctly. If your return is chosen for an audit, it does not mean you made an error or are dishonest.

By law, the Oregon Department of Revenue must keep your tax information private. People who prepare your return or represent you must also keep your information confidential. You have the right to know why we are asking for information, exactly how we will use any information you provide, and what might happen if you do not provide the information.

The department's goal is to treat taxpayers fairly. We strive to be responsive to the issues and reasonable in our decisions and actions. We will explain any change to your return. We encourage you to ask about anything you do not understand.

For more information, read our publication *Your Rights as an Oregon Taxpayer*. Download the publication from our website or call us to order it.

## Types of reviews

**Processing adjustments.** Processing adjustments are corrections we make to a return while we process it. The processing system usually makes these corrections automatically.

**Federal audits.** These audits are based on information from the Internal Revenue Service (IRS). This information includes the IRS's CP2000 program and federal Revenue Agent Reports. The CP2000 program matches W-2 and Form 1099 information reported by payers to what is shown on a return. A Revenue Agent Report is a federal audit report showing adjustments the IRS made to a return. If you received either of these reports from the IRS,

you need to determine if the changes made by the IRS affect your Oregon return. If they do, you should amend your Oregon return as soon as possible. Interest charges accrue until all tax is paid. If you do not amend your Oregon return, you may receive a notice from the department showing adjustments.

**Correspondence audits.** These are written requests asking you to confirm items on a return. The letter will explain what items are being reviewed and what we need to verify them. You will be asked to send copies of the documents to the auditor who will review the information and notify you of the results. Correspondence audits usually do not require a meeting with the auditor.

**Field audits.** These audits are more in-depth. They include the review of income and expenses from businesses, farms, partnerships, corporations, or rentals. Field audits usually require a meeting with the auditor. The time and place of the meeting will be arranged between you and the auditor.

## What records will I need for the audit?

You'll get a letter from the department asking questions and requesting copies of specific documents. Answer the questions completely and send copies of the documents by the deadline in the letter. It's important that you keep a complete copy of your state and federal tax records. You should also keep a copy of your response.

If you get a letter asking you to make an appointment, contact the auditor who sent the letter. We try to schedule audit appointments at your convenience. It may be held at your home or office, at your representative's office, or at one of our field offices.

The letter will explain the records needed for the audit. Organize the information for the appointment. The auditor may ask you to leave the records while the audit is being conducted. You may ask for a receipt for the records you leave.

Generally, your return is examined in the district where you live. But if the return can be examined more quickly and easily in another district (such as where the books and records are located), you may ask to have the audit transferred.

## Who can represent me?

Throughout any audit you can represent yourself, have someone accompany you, or designate someone to represent you. You may represent yourself in all stages of your audit and appeal. However, if your case is hard to understand or involves many issues, you may want someone to help you. Also, if someone else prepared the return, you may want their help. If you designate someone to represent you, he or she will be able to make decisions for you. People who can represent you are Oregon-licensed:

- Lawyers.
- Public accountants.
- Tax consultants.
- Enrolled agents.

If you own a business and have an employee who regularly does your tax work, that employee can also represent you.

You must give written authorization to a person you want to represent you. Use our *Tax Information Authorization and Power of Attorney for Representation* form. The auditor handling the case can provide the authorization form. Or, you can download it from our website, or call us to order a copy.

## What if I disagree with the audit?

When we propose any changes to your return, we will explain the reasons for them. It's important that you understand why we propose any changes. Please ask about anything that is unclear to you.

If you disagree with the action of the department, you can appeal. Appeal rights will be included with the notice you receive.

## What if the IRS or another state has audited me?

The Department of Revenue has an agreement with the IRS to exchange tax return information. If the IRS audits an Oregon taxpayer, the department may receive a copy of that information. If your federal return or the return you filed with another state is adjusted, you should amend your Oregon tax return if that adjustment also affects your Oregon return.

If you were previously audited by the IRS and the notice you receive from the department is different, send a copy of the final audit adjustments or cancellation from the IRS to the department.

If you filed an appeal with the IRS or the other state and you get a notice from the department, send a copy of the IRS or other state appeal notification. The department will suspend further action until your case is resolved.

You have two years to claim a refund of Oregon tax due to the audit adjustment. This is true even if the normal refund statute has expired.

## Taxpayer assistance

**General tax information** ..... [www.oregon.gov/DOR](http://www.oregon.gov/DOR)  
Salem .....503-378-4988  
Toll-free from an Oregon prefix ..... 1-800-356-4222

**Asistencia en español:**  
Salem .....503-378-4988  
Gratis de prefijo de Oregon..... 1-800-356-4222

**TTY (hearing or speech impaired; machine only):**  
Salem ..... 503-945-8617  
Toll-free from an Oregon prefix ..... 1-800-886-7204

**Americans with Disabilities Act (ADA):** Call one of the help numbers for information in alternative formats.