



## More Audits Expected as IRS Steps Up Enforcement\*

More Americans than ever could be audited this year as the Internal Revenue Service sets aside 10% more funding for enforcement. The IRS conducted 1.4 million audits last year, the highest number in a decade. Overseas bank accounts, self-employment, charitable donations and stock sales all can increase the chances of being the target of an audit.

## High Earner? Hire A Pro\*

Because high earners have more income and more deductions on their returns, such as businesses, second homes, stock transactions and charitable contributions, the chances of miscalculation or inflation are much greater. The more money a person makes, the more valuable those errors become to the IRS. "The IRS looks more closely at high earners because their financial lives are more complicated than those of lower earners," said Willens.

And such complications can often lead to mistakes -- some intentional -- that the IRS will take as an invitation to dig deeper. Willens estimates that those making more than \$200,000 a year are 50% more likely to be audited than those making less. And those chances increase with income. The IRS reported that audits of individuals earning more than \$200,000 jumped 11% in 2009, and audits of those making more than \$1 million

surged to nearly 30% last year from 2008. Wealthy taxpayers should triple check everything and be mindful of careless omissions and inaccurate numbers, especially when reporting items that the IRS received copies of as well, such as dividends. Hiring an accountant can be a smart move. The more complicated a tax return, the more cost-effective hiring professional help becomes, said Willens.

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\* Source: Brian Ellis, CNNMoney.com