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7 Rules when dealing with the IRS

If you have to deal with the IRS, here are 7 rules you should follow:

Rule #1: Do not ignore the IRS

If the IRS contacts you, you should never ignore them. Doing so would only make things worse. This would set off a series of responses from the IRS that starts with more notices and leads on to levies on your wages or bank account.

Rule #2: Don't overcommit

When you answer questions posed to you by the IRS, you should answer them succinctly and to-the-point. Do not overcommit information that has not been required of you. For example, if you are asked yes or no questions, you should answer 'yes' or 'no' without justifying your answers unnecessarily. If you do, you might make the mistake of volunteering more information that leads to more issues for review.

Rule #3: Don't appear proud

You should never look down on the IRS agent who deals with you. The agent will report to his superior and draw a conclusion on your case. You

want to get him on your side rather than have him against you. And try not to show any unhelpful emotions like fear, hostility, vindication, remorse etc. Instead, remain calm and discuss your case rationally.

Rule #4: Don't be hasty to pay up

If you receive an IRS notice in the mail, you should not immediately send a check because the IRS could be wrong in their assessment. Furthermore, paying prematurely could jeopardize your position. It's best to review the situation and clarify your tax returns or negotiate a payment plan on your dues. But once you arrive at a payment plan agreement, you need to abide by it.

Rule #5: Have documentary evidence

The most important thing you can have to prove your case is sufficient documentary evidence. Even if you have not kept complete records, often your expenses can be reconstructed to some extent. For instance, it is common for the IRS to question your mileage claims. Even if you have not kept a detailed record of your travels, you may use expenses like oil changes that show mileage to reconstruct your distance traveled.

Rule #6: Ask questions

You should ask questions to discover your options. The IRS agent will be more than willing to clue you in. Some questions might include, "How can I appeal this?" or "What am I allowed to do in this case?"

Rule #7: Hire a tax professional

It pays to engage a professional like a tax attorney, CPA or enrolled agent

who will answer questions for you in a face-to-face audit. If you can't afford that, opt for one of the IRS's tax clinics for low-income taxpayers. Find out more at www.irs.gov.