

TAX TIPS

AUDIT RATES ARE GOING UP

Bank robber Willie Sutton, asked why he robbed banks, explained, "That's where the money is." The Internal Revenue Service knows where the money is, too. That's why tax audit rates are going up, especially for the super-wealthy.

Audit rates for all returns averaged only 1.11 percent for the last few years, and people with incomes under \$50,000 have had only a 0.73 percent chance of being audited for the last few years. But the rates are up markedly now for those with higher incomes.

For instance, those with incomes between \$500,000 and \$1 million, audited at a 2.77 percent rate in fiscal year 2009, faced a 5.38 percent audit likelihood in 2011. For incomes between \$1 million and \$5 million, there's an 11.80 percent audit rate. From \$5 million to \$10 million, there's a 20.75 percent chance of being audited. Over \$10 million, the audit rate balloons to 29.93 percent.

Want to be sure your returns can withstand audit? Talk with the tax experts at
