

What is an enrolled agent?

Enrolled agents (EAs) are America's tax experts. EAs are the **only** federally-licensed tax practitioners who specialize in taxation and also have **unlimited** rights to represent taxpayers before the Internal Revenue Service.

What are the differences between enrolled agents and other tax preparers?

An enrolled agent is a person who has earned the privilege of representing taxpayers before the Internal Revenue Service by either passing a stringent and comprehensive examination covering both individual and business tax returns, or through experience as a former IRS employee.

Enrolled agent status is the highest credential the IRS awards.

Individuals who obtain this elite status must adhere to ethical standards and enrolled agents, like attorneys and certified public accountants (CPAs), have unlimited practice rights. This means they are unrestricted as to which taxpayers they can represent, what types of tax matters they can handle, and which IRS offices they can represent clients before.

The difference lies in the depth of experience and understanding of not just how to prepare a tax return, but rather the expertise and knowledge of the tax law that may be used not only to prepare a tax return, but also to represent the taxpayer.

How can an enrolled agent help me?

Enrolled agents advise, represent and prepare tax returns of individuals, partnerships, corporations, estates, trusts and any other entity with tax reporting requirements. EAs prepare millions of tax returns each year and their expertise in the continually changing field of taxation enables them to effectively represent taxpayers audited by the IRS.

Some enrolled agents work only during tax season or by appointment only, while other enrolled agents have year round practices. In addition to **tax preparation** and tax representation, many enrolled agents offer other business services which may include:

- Tax Return Preparation
- Bookkeeping
- Financial planning or budgeting
- Payroll services
- Financial statement preparation

Will I Be Audited?



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Enrolled Agent

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Will I Be Audited?

In addition to conducting “real” audits of 1.4 million individual taxpayers in FY 2010, the IRS conducted “unreal” audits of 9.2 million individual taxpayers as follows:

- 3,911,005 Automated Underreporter (AUR) cases, in which the IRS matches income reported by the taxpayer on his or her return with income reported to the IRS by third-party payers;
- 4,740,909 math error notices, in which the IRS corrects and assesses mathematical or other inconsistent entries on a return before the taxpayer has a chance to contest the change; and
- 563,927 Automated Substitute for Returns (ASFRs), in which the IRS creates a substitute return for a nonfiler based on third-party payer information.

As the chart below indicates, the combined impact of “real” and “unreal” audits in terms of coverage by income segment is very different from that of “real” audits alone.

Adjusted Gross Income Category	Exams	Exam Coverage %	ASFR	AUR	Math Error	Combined	Returns Filed in Calendar Year 2009	Combined Coverage %
No adjusted gross income	158,194	5.2%		29,216	110,540	297,950	3,040,573	9.8%
\$1 under \$25,000	633,380	1.1%		1,124,251	1,904,185	3,661,816	57,093,609	6.4%
\$25,000 under \$50,000	232,781	0.7%		1,150,382	1,178,156	2,561,319	34,527,079	7.4%
\$50,000 under \$75,000	138,287	0.7%		572,762	665,300	1,376,349	19,324,212	7.1%
\$75,000 under \$100,000	69,385	0.6%		345,479	365,531	780,395	11,830,856	6.6%
Subtotal - under \$100,000	1,232,027	1.0%		3,222,090	4,223,712	8,677,829	125,816,329	6.9%
\$100,000 under \$200,000	85,796	0.6%		498,665	435,114	1,019,575	13,891,529	7.3%
\$200,000 under \$500,000	59,480	1.7%		145,713	65,435	270,628	3,472,882	7.8%
\$500,000 under \$1,000,000	17,253	2.9%		28,273	9,964	55,490	590,822	9.4%
\$1,000,000 under \$5,000,000	16,046	5.6%		14,411	5,649	36,106	288,206	12.5%
\$5,000,000 under \$10,000,000	2,175	15.1%		1,137	556	3,868	14,410	26.8%
\$10,000,000 or more	1,887	13.1%		716	479	3,082	14,410	21.4%
Total	1,414,664	1.0%	563,927	3,911,005	4,740,909	10,630,505	144,088,590	7.4%

Source: National Taxpayer Advocate, “What’s An Audit, Anyway?”