



## New IRS Construction Industry Audit Guide Issued

Last Thursday, with little fanfare, the Internal Revenue Service posted to its website its revised Examiners' Audit Technique Guide for the construction industry. The guide is over 150 pages in length, but we commend it to your reading. As Ben Franklin once said, "an ounce of prevention is worth a pound of cure."

The guide covers both small and large construction contractors, and includes discussions on long-term contracts, look-back interest issues, financial accounting as opposed to tax accounting, joint ventures, changes in methods of accounting, and square-footage costs for various items – and most interestingly, *contains an exhaustive set of questions – some of them troubling – that an IRS agent should ask each contractor under audit.* It also includes a helpful summary of federal law and guidance pertaining to construction contractors, at least from the IRS' perspective.

Although the updated audit guide is now available on the IRS' website, we also have it in PDF form and would be happy to forward it to you. Please let us know if you would like a copy or if you have any specific questions regarding this most useful reference source. Thank you for the opportunity to be of service.

June 29, 2009

*This is an update to our e-mail commentary, which we will send when we identify new and developing legal issues that may impact our friends and clients. We hope you will find this service of value as you monitor trends and changes in the law.*

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