



# What to Expect from a Florida Reemployment Tax Audit

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A tax audit should be an educational experience that provides you an understanding of your responsibilities and rights under Florida tax laws. An audit helps businesses identify and correct bookkeeping problems that could cause additional tax liabilities. The Department of Revenue wants to help you avoid penalties and interest that can result when you do not file reports or pay taxes correctly or on time.

## Why Are Taxpayers Audited?

The Department conducts reemployment tax audits as required by the US Department of Labor to:

- Enforce Florida tax laws uniformly
- Deter tax evasion
- Promote voluntary compliance
- Educate taxpayers

While most reports are accepted as filed, some reports are audited to verify accuracy and evaluate compliance. Many reemployment taxpayers who are audited do not owe more tax. Some audits even result in a tax refund. Other audits, however, can result in additional tax, penalty, and interest. After your audit is complete, you can review the audit findings and proposed changes to your tax liability. You have the right to protest the proposed changes if you disagree with them.

## How Was I Selected?

The Department audits 1% of active contributing employer accounts annually to verify that wages have been reported correctly. Reemployment tax audits are selected based on distinct selection criteria.

Some examples of sources used to identify a potential audit lead are:

- Taxpayer filing data and filing behavior (identification of anomalies)
- Statistical data on business industry, size and location
- Federal data
- Third party data
- Information sharing programs with other states and state agencies
- Reemployment Assistance claims
- Collection items

## What Happens During the Audit?

The Department conducts two types of audits: those done in Department offices (desk audits), and those done at your place of business (field audits). Audits can be completed using paper or electronic records. The auditor begins by mailing you a *Notice of Intent to Audit Books and Records* (Form RT-FL06F) stating that you or your business will be audited for a specified calendar year. A list of records to be reviewed will be included with the Notice. The types of records needed for a reemployment tax audit include:

Balance sheets	Form 1120 and attachments (C-Corp)	Individual earning records
Canceled checks	Form 1120S and attachments (S-Corp)	Master vendor files
Cash disbursement journal	Form 990 (non-profit organizations)	Partnership agreement
Chart of accounts	Forms 1099 and 1096	Payroll ledger
Check registers	Forms 941, 943, 944 (as applicable)	Payroll summaries
Check stubs	Forms W-2 and W-3	Petty cash
Corporate charter	General ledger	Quarterly Reports, RT-6s (SUTA)
Form 940 (FUTA)	Income statements	Time Cards
Form 1040, Schedule C (sole proprietor) Form 1065 (partnership)	Independent contractor agreement	Work orders/invoices

You should maintain your payroll records in accordance with Rule 73B-10.032, Florida Administrative Code.

The auditor will call you to arrange a date to review your records. Failure to produce all requested work records will result in the loss of your “earned tax rate” and the assignment of the “standard tax rate” (5.4%) until the quarter following your production of the requested records. The auditor will also interview you or your authorized representative. You must complete a Florida Power of Attorney (Form DR-835) if you want the auditor to discuss the audit with your authorized representative.

The auditor will ask you about your type of business, organizational structure, accounting methods, and systems. To minimize disruption of your workplace, you may want to assign certain employees to help the auditor during a field audit review. An audit may be completed with minimal effort and disruption of daily business activities if records are easily available. Well-organized records and proper documentation can save you time, money, and help to speed the completion of an audit.

If a discrepancy is found, a reemployment tax audit may be extended on a year-to-year basis until the discrepancy no longer exists or for a maximum of five (5) years. During the audit, you have the right to be informed of basic findings and proposed changes. Feel free to ask questions. Auditors are there to provide assistance in complying with Florida tax laws.

When the audit is finished, information about completing a survey will be mailed to you. The survey asks you to rate your satisfaction with certain actions, services, or parts of the audit process. Your responses are strictly confidential. The survey results are used to improve our audit process.

### **What is eAuditing?**

Electronic auditing, or eAuditing, is computer-assisted auditing that uses electronic records to complete all or part of the audit. If you use a computer to record your business activity and maintain this data electronically, you are a candidate for an electronic audit. During an electronic audit, you provide electronic records and the auditor uses computer software programs to analyze the data. The Department prefers to examine electronic records whenever possible, because it is the most accurate and efficient method of conducting an audit.

### **What Happens After the Audit?**

The auditor will notify you of the findings and the legal basis for any adjustments that need to be made. The auditor will then conduct an exit interview with you. Make sure you understand the reasons for any proposed changes and ask for an explanation of any items or terms that are unclear to you.

If any adjustments are needed, you will receive a *Notice of Intent to Make Audit Changes* (Form RT-FL11F). This form summarizes the audit results and includes a written statement of your protest and appeal rights. If the auditor finds your reported wage data is correct, and no additional tax is due, you will receive a letter stating the audit will result in no changes to the tax reports previously filed for the audit period reviewed.

When you have received and reviewed the audit results, it is important to notify the auditor of your agreement or disagreement prior to the expiration of the 30-day period specified on the notice. If you agree with the audit findings, sign the notice and pay the amount due, if any. If you cannot pay the amount in full, contact the auditor to discuss possible ways for you to pay the tax assessment. If you disagree with the audit results, you have 30 days after the notice is issued to request a conference with the auditor and/or the auditor's supervisor. Most differences can be resolved through these discussions. Disputes or disagreements that cannot be resolved at this level may receive further consideration after a *Notice of Proposed Assessment* is issued.

When the audit is complete, you will receive a *Notice of Proposed Assessment*. This assessment notice provides an official record of the amount due and serves as a request for payment of any unpaid tax amounts. The notice also provides instructions for filing a protest if you disagree with the proposed findings. The Department will not take any enforcement action, such as filing a tax warrant, until you receive your assessment notice and have had a chance to pay or protest the audit findings. However, if a departmental delay would jeopardize the Department's ability to collect the tax due, additional action may be taken. If you choose not to: respond or cooperate, question or attempt to resolve the issues, or pay the liability determined to be due, your assessment may be forwarded for collection and enforcement action as provided by Florida law.

### **What Can I Do if I Encounter Problems During the Audit?**

You have the right to be treated fairly by the Department. If you believe you have not been treated fairly or have any other problems during the audit, you should first attempt to resolve the problem locally by meeting with the auditor's supervisor, service center manager and/or regional manager, as appropriate. If the problem cannot be resolved at the local level, you may call Florida's Taxpayers' Rights Advocate at 850-617-8168 or write to:

Office of Taxpayers' Rights Advocate  
PO Box 5906  
Tallahassee FL 32314-5906

For more information about the Taxpayers' Rights Advocate, visit [floridarevenue.com/taxpayersrights](http://floridarevenue.com/taxpayersrights).

**Tax laws** - The Florida Statutes are available at [leg.state.fl.us](http://leg.state.fl.us).

### **Contact Us**

Information, forms, and tutorials are available on the Department's website at [floridarevenue.com](http://floridarevenue.com).

**To speak with a Department of Revenue representative**, call Taxpayer Services at 850-488-6800, Monday through Friday (excluding holidays).

**To find a taxpayer service center** near you, visit [floridarevenue.com/taxes/servicecenters](http://floridarevenue.com/taxes/servicecenters).

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- Proposed rules, including notices of rule development workshops and emergency rulemaking
- Due date reminders for reemployment tax and sales and use tax