

Tax Audit Readiness Checklist 2025

What to Have Ready

Income Forms (1099, W-2)
Bank / Credit Card Statements
Receipts & Invoices for Expenses
Payroll Records
Business Licenses / Permits
Contracts & Supplier/Customer Agreements
Past Tax Returns & Year-to-Year Comparisons

Organizing Records

Year-and-type folder structure (Income / Expenses / Payroll / Forms)
Consistent file naming: YYYY-MM-DD_Description_Type.ext
Reconcile accounting with bank statements quarterly
Backup digital files in at least 2 locations

Common Pitfalls to Avoid

Overstated deductions or vague receipts
Missing IRS forms or schedules
Mixing personal vs. business expenses
Reporting income inconsistently

What IRS Will Focus On in 2025

Reasonableness of deductions
Justification for unusual transactions (e.g. spikes)
Consistency across years
Clear documentation (home office, travel, meals)

If Audit Happens

Save all correspondence
Respond promptly
Consider professional help
Know your appeal rights

Keep this checklist handy during tax season to stay organized and audit-ready.