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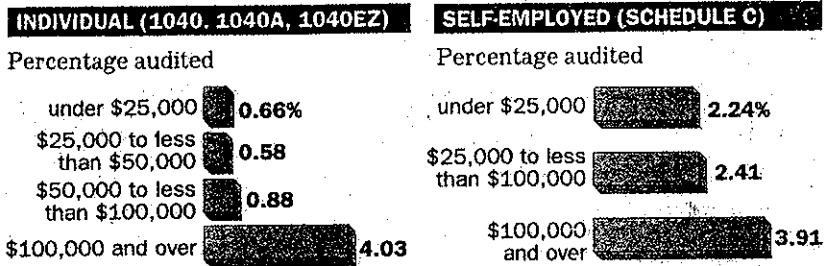
The IRS Hit List

Under a market segmentation program, the IRS is training its auditors to sniff out tax evaders in the following 27 small biz categories:

- Air charters
- Alaskan commercial fishermen
- Alaskan fishing processors and brokers
- Architects
- Attorneys
- Auto body and repair industry
- Bars and restaurants
- Beauty and barber shops
- Bed and breakfasts
- Cattle auction barns
- Foreign athletes
- Entertainment industry
- Gas retailers
- Grain farmers
- Independent used-car dealers
- Ministers
- Mobile food vendors
- Mortuaries
- Music industry
- Oil and gas industry
- Pizza restaurants
- Port projects
- Reforestation industry
- Taxicabs
- Tobacco industry
- Trucking
- Wine industry

Who Gets Audited

Tax audits are more common at higher income levels. Percentages of returns audited in 1993, based on income level:



Source: Commerce Clearing House Federal Tax Guide

How to Get Caught

Accountants say you should never forgo a legitimate entry on your tax return for fear of an IRS audit. But the agency's computers are programmed to kick out a number of items for closer scrutiny by tax agents. If you include these common "audit triggers" on your return, be sure to keep good records.

- Self-employment income (reported on Schedule C)
- Barter income (reported on Form 1099-B)
- Home office deductions
- Casualty losses from fire, flood, earthquake, tornado and other disasters
- Earned income credit for low-income individuals and families
- Bad-debt deductions—particularly write-offs of uncollectable loans involving a family member
- Donations of expensive property to charity—including artwork, real estate or other hard-to-value items

—KATHY KRISTOF