

JUNE 2008

## AUDIT STATISTICS

One of the main concerns our clients have is whether they will be at risk for an audit.

The 2007 IRS Data Book provides some clues as to who is likely to be audited and why.

- 1% of all individual tax returns filed for 2006 were audited in 2007.
- 78% of audits were conducted through mail correspondence.
- 0.9% of corporations with less than \$10 million of assets were audited in 2007. Corporations with \$10 million or more of assets, 16.8% were audited.
- 27.3 million civil penalties were assessed against individual taxpayers for failure to pay or underpayment of estimated tax. On the corporation side, a total of 762,718 penalty assessments were made for the same reasons.
- In 2007, 46,000 offers in compromise were received by the IRS and 12,000 were accepted. Over recent years, these numbers have dropped.

If you receive notice of audit, don't panic, contact your Whalen representative for assistance.

## EMPLOYER BENEFIT COSTS

It is not surprising that medically related benefits account for the largest portion of employer benefit costs. Medical benefits comprise 12.1% of total benefits offered by employers, followed by retirement benefits at 10.4%, payments for paid time off including holiday pay and vacations account for 9.8% of costs.

According to the U.S. Chamber of Commerce *2007 Employee Benefits Study*, the average dollar amount that employers pay per employee increased from \$18,489 in 2005 to \$21,527 in 2006. The cost of benefits average 42.7% of your company's payroll. For companies with fewer than 100 employees, an average of 33.5% of payroll is spent on benefits, medium-size companies of 500 to 999 employees, average 40.5% of payroll.

Over 95% of companies surveyed provide paid vacation, holiday benefits and health insurance benefits to full-time employees. The majority also provide retirement, life insurance, dental, sick leave, long-term disability, and short-term disability benefits.

Because employees are becoming increasingly aware of their benefits and how they compare with offers from other companies, it is vital for business owners to update and maintain a very competitive benefits package.

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## NEWSLETTER ARCHIVE

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For your convenience, we maintain a newsletter archive on our website, containing past issues of all newsletters provided by Whalen & Company.

Please feel free to visit our website at [www.whalencpa.com](http://www.whalencpa.com) to review past issues of our Insight, Client Line, 1040, Tax planning, and Non-Profit newsletters, and for the many additional resources we offer.

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## FIRM HAPPENINGS

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Whalen staff anniversaries for the month of June include:

Teri Curtin, Lead Accountant	12 years
Ann Knouff, Tax Specialist	2 years
Matthew Soter, IT Specialist	2 years