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In February 2010, the Internal Revenue Service will begin its first Employment Tax National Research Project in 25 years. Business practices regarding employment tax issues may have changed significantly since the last IRS employment tax study in the 1980s, necessitating the need for this study.

Examinations comprising the study will be conducted to collect data that will allow the IRS to understand the compliance characteristics of employment tax filers.

The results will allow the IRS to gauge more accurately the extent to which businesses properly comply with employment tax law and related reporting requirements. When completed, this information will help the IRS select and audit future employment tax returns with the greatest compliance risk.

There are two main goals for the ET NRP:

- To secure statistically valid information for computing the Employment Tax Gap, and
- To determine compliance characteristics so IRS can focus on the most noncompliant employment tax areas.

The IRS will randomly select 2,000 taxpayers each year for the next three years. The examinations will be comprehensive in scope. Taxpayers will receive notices describing the NRP process similar to those used in recent NRP studies for individuals and Form 1120S corporations.

Records pertaining to employment tax returns and issues will be subject to review during these examinations. Employers should have all of their records available to expedite these examinations.

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