

**House Ways and Means Oversight Subcommittee on the 2011 Filing  
Season and  
FY 2012 Budget Request  
March 31, 2011**

**Questions for the Record**

**Rep. Jim Gerlach**

**What is the ratio of time you are spending in the businesses auditing them, and what is the amount of time they are putting in to cooperate and participate and try to satisfy the auditor's request?**

**Response:**

The average amount of time spent on business examinations varies by the type and size of the business. For example, while the average time spent for the audit of a small corporation with less than 10 million dollars in assets is 38 hours, the average time spent on the audit of a large corporation is 385 hours. Average time spent for the audit of a sole proprietorship is nine hours.

Preliminary studies indicate that the number of hours spent by the taxpayer in responding to a field examination is typically comparable to the number of hours spent by the examiner. Less complicated issues are covered by correspondence examinations. In general, these examinations may take more time for the taxpayer than the examiner, but overall they take less time for both the taxpayer and the examiner. We are currently conducting a study to update and extend our knowledge of taxpayer post-filing costs that will further inform our understanding of the relationships between IRS enforcement activities and taxpayer compliance costs.