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Marc A. Hebert's 'Money $ense': Things that might trigger an IRS audit

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NOW THAT your tax return is done and filed, perhaps you are starting to wonder whether you really did everything correctly.

After all, the tax code is complicated. You might be thinking: Can I expect an Internal Revenue Service (IRS) audit?

Your chances are pretty low — the IRS audited only 0.6% of all individual returns from 2010 through 2018.

However, if you are still concerned, here are a few triggers that might prompt the IRS to question the items on your income tax return.

Missing income. The IRS has copies of your 1099s and W-2s, so you can be sure that if you miss including one of them, the IRS computers will flag it and generate a bill for the tax due.

The other common problem in this area is when the 1099 is reflected on the return but for a different amount.

If you discover that you’ve received a 1099 with incorrect data, contact the issuer to get it corrected.

Too charitably inclined. Giving to charity is a great deduction. Donating can feel good and help others at the same time.

However, this is another area that might get questioned by the IRS if your charitable deduction is high in relation to your income.

As mentioned above, supporting documents are the key.

Hobby losses. Income earned from your hobby needs to be reported. You can deduct expenses up to the level of that income.

The problem is when you start deducting amounts over the income level.

In order to do that, the activity must be run like a business and have a reasonable expectation of making money.

The IRS looks to see if your activity generates a profit in three out of every five years (or two out of every seven years for horse breeding).

Once again, keep your supporting documentation.

Sky-high deductions. The IRS has ways to compare the deductions you have taken on the return to your income.

If the deductions seem too high, then the return might be flagged for audit. This is one reason why higher charitable contributions require documentation.

If you have the proper documentation for the deduction, there is no reason not to claim it.

Early payouts from IRAs or 401(k)s. This is an area in which the IRS found that almost 40% of taxpayers who were scrutinized made errors on their income tax returns.

Most of the mistakes concerned taxpayers who claimed an exception to the 10% penalty on early distributions made prior to age 59½ but didn't really qualify for the exception. Be certain you are truly eligible for an exception before claiming one on your taxes.

Wrong Social Security Numbers. It is easy to enter the wrong numbers in your haste to get your return done. Thoroughly double-checking your work can really help avoid an audit.

Overseas assets. The IRS has taken an interest in those who hold assets overseas.

The agency has the potential to access information on your accounts. Under certain conditions, you are required to report to the IRS your overseas activity.

All of this may prompt the IRS to check and see what your overseas assets consist of.

These are just a few situations that might raise a red flag at the IRS. Whether you are being audited or just answering an IRS letter, it takes time and energy to respond — not to mention the stress of the situation.

The key is to understand how the tax law applies in your situation, have adequate documentation, and seek the professional help of a certified public accountant or certified financial planner when needed.

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