

# Tax Return Engagement Letter

To

Dear \_\_\_\_\_;

Thank you for engaging our professional tax services. I am writing you this letter to confirm our engagement and to clarify the nature of the services we will provide.

As we have discussed, we will handle the preparation and submission of your federal and \_\_\_\_\_ state income tax for the year \_\_\_\_\_. This engagement only covers the \_\_\_\_\_ tax returns. We will review the documents and information provided and prepare the tax return in accordance with relevant tax laws and regulations. Any other additional returns needed to be filed separately.

The tax returns we will file are dependent only on the information and documents you have provided us. So please make sure that you have all the records and share with us the necessary information that we might need to know in order to better assist you. We may ask you for certain information for clarificatory purposes but please take note that this is not for auditing purposes. We do not audit and our engagement cannot be relied upon to disclose errors, fraud, or other illegal acts if such transaction exists. In any case, we will directly notify you if such matters come to our attention.

It may also take some time to prepare tax information. Thus, it may be difficult for us to complete the records if the tax information is received in less than \_\_\_\_\_ days. Requesting an application for an extension of time for filing a return may extend the time to file a return but it does not extend the time to pay any taxes that are due. Thus, we request your prompt response in providing us with the information needed for this engagement.

There are also penalties that might be imposed in case there is an underestimated tax liabilities. In case you need to know more about these matters, please let us know.

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The Internal Revenue Code and the rules and regulations impose certain standards for preparation and disclosure where which noncompliance may incur penalties on both the taxpayer and the preparer and the standards for these differ. An example is when the preparer believed that the information will be sustained on its merits and without fault of the taxpayer, the penalty for the preparer will be imposed.

And, while a preparer penalty might be avoided by adequately disclosing the return position, the taxpayer might not have to disclose the position in order to avoid applicable taxpayer penalties.

The fee for this engagement will depend upon the complexities of your return but will have a standard hourly rate of \_\_\_\_\_. Fees shall be billed on a monthly basis. In case invoices are left unpaid after 30 days past billing date, interest may incur. We likewise reserve the right to suspend our services or withdraw from the engagement due to unpaid invoices.

At the end of this engagement, all original records shall be returned to you. It is recommended that these records be kept secure. I will electronically retain copies of your records for seven years before destroying them.

In case I will be asked to represent on your behalf in cases of audit, I may be available for an additional and separate fee. Any errors made by us shall be corrected for free.

To affirm that this letter summarizes the understanding of this engagement, please sign in the space indicated and send this document via email at \_\_\_\_\_. You may send it via post mail or deliver it at \_\_\_\_\_.

Thank you for your cooperation.

Sincerely,



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