

The Accountants Group, Inc.

Engagement Letter – Business

Current requirements of our profession require that we formalize the arrangements and conditions of our engagement. We therefore submit this letter to you and would like to emphasize the following matters pertaining to our engagement:

1. You represent to us that the tax data you have given us includes all the income you received during the year from all sources.
2. We do not intend to audit or otherwise verify the data you submit, even though we may ask you to clarify some of it.
3. Section 274(d) of the Internal Revenue Code (IRC) provides that no deduction or credit shall be allowed for any traveling expense, entertainment expense, business gifts, home office expenses or for the use of “listed property” (this term includes automobiles and other property used as a means of transportation, property used for entertainment purposes, cell phones and computers), unless the taxpayer provides certain substantiation by adequate contemporaneously maintained records or by sufficient evidence corroborating the taxpayer’s own statement. The Internal Revenue Service has issued regulations which set forth in detail the record keeping requirements which will satisfy the substantiation requirements. We will rely upon your statement of compliance with the substantiation requirements of Section 274(d).
4. As you are aware, your returns are subject to review by taxing authorities. Any items resolved against you by the examining agent are subject to certain rights of appeal. In the event of an examination, we will be available to represent you. We should be contacted immediately if you are contacted by taxing authorities for any reason.

This agreement is continued on the back of this letter and the content of the items on the second page are included in this agreement.

By signing this Engagement Letter, I hereby authorize The Accountants Group, Inc., to prepare my (our) Income Tax Returns and acknowledge that I have read, understand and agree with all of the items listed and the conditions set forth in this Engagement Letter and acknowledge that I (we) have the appropriate receipts, logs and records to document the deductions that have been included on the tax return(s).

Company Name

Fiscal Year ending

Signature of Owner, Partner or Officer

Title

Printed name of Signature above

Date

NOTE: WE WILL NOT BE ABLE TO GIVE YOU YOUR TAX RETURNS UNTIL WE HAVE A SIGNED COPY OF THIS LETTER

5. You should note that the IRC provides for interest and a number of penalties which may be imposed by the IRS. Most of these penalties provide for assessment only in the event of some wrongdoing or negligence on the part of the taxpayer. However, a 20% penalty may be imposed even though there is no fraud or willfulness on your part, if the tax reported is understated by 10% or \$5,000, whichever is greater. The only way to avoid this penalty is to show that there was either “substantial authority” for the position taken or to make “adequate disclosure” on the return that the position taken is at variance with an IRS position in published rulings, regulations or court cases. You acknowledge that you are aware of this penalty and that we have included such disclosures as you requested on your tax return therefore, The Accountants Group, Inc. will assume no responsibility for this penalty.
6. IRS regulations, as outlined in Publication 230, set out specific standards and requirements that must be met in order for advice to qualify as Federal Tax Advice for the purposes of avoiding any penalties that the IRS may seek to impose. These are very detailed and specific rules and it is our intention to not provide advice that complies with these IRS regulations and rulings. We hereby advise you that any advice that you receive from us is not Federal Tax Advice as outlined in the regulations and is not intended to qualify as “substantial authority” or “Federal Tax Advice” for the purposes of exempting you from IRS penalties.
7. Should you require written advice that will qualify for the purpose of exempting you from IRS penalties we will be happy to refer you to an attorney that specializes in income, estate, or gift taxation for the purpose of obtaining such written federal tax advice.
8. We have discussed Revenue Rule 2004-32 that pertains to home-based businesses and frivolous positions taken on returns for home-based businesses. You acknowledge that you understand these rules and state that if there is a home-based business on the return, it is engaged in for profit and that The Accountants Group has not advised you to take frivolous deductions.
9. Our policy is to reimburse our clients for penalties and interest (not the tax) that may be imposed by the IRS if there are errors on the tax return. This reimbursement is limited to penalties and interest that were assessed due to our errors or omissions while completing your return, with a maximum of our fee for preparing the return.
10. You agree to pay us for providing accounting and tax preparation services at our normal billing rates. You agree to pay invoices that we send you for providing such services within thirty days of receipt of such invoice and to reimburse us for all collection costs, including collection agency and attorney fees, should you not pay our invoice(s).
11. By executing and returning this Engagement Letter, you are representing to us that you have provided The Accountants Group, Inc., with all of the data that is on your income tax return, that you have appropriate documentation to support all of your income and deductions, and that all of this information is, to the best of your knowledge, correct and accurate.