

Mike Tayloe
Certified Public Accountant

ENGAGEMENT LETTER

Dear Individual Tax Client:

**WHAT THIS LETTER
IS FOR**

I appreciate the opportunity to help you with the preparation of your personal income tax returns. In order to have a complete understanding between us, this letter will explain important information about the services I will perform for you and your responsibilities in this regard.

**WHAT I WILL DO AND
WHAT YOUR
RESPONSIBILITIES ARE**

I will prepare your 2009 federal form 1040 and related state returns and other tax returns or amended tax returns you specifically authorize me to prepare. I will do this work in a careful, professional manner from information you provide to me. I won't audit or verify the data you submit, but I may ask you to clarify or document certain items if it would be in your best interest to do so to avoid improper reporting and possible IRS penalties. The Internal Revenue Service holds you responsible for the content and accuracy of your returns so you must inform me of all relevant facts which affect your returns and provide all necessary information to me. These materials include all W-2, 1099, and K-1 forms as well as real estate closing statements. It is your responsibility to be familiar enough with the facts presented on your tax forms so you can review them in a meaningful way before you sign and mail them. It is also your responsibility to make estimated tax payments.

**IRS RECORDKEEPING
REQUIREMENTS**

Because the IRS and other taxing authorities have the right to examine any tax return you *file*, you should be aware of certain recordkeeping requirements. The law requires you to maintain and retain information substantiating all income and deductions on your tax returns. It is important you have a recordkeeping system which satisfies these requirements. Specific written records are required for deductions of charitable contributions, travel, meals, entertainment, most auto mileage and some home computer use. There is a specific question on your tax return about whether you keep such written records—and unless you let me know otherwise, I will assume you do. Please let me know if you have questions about the kinds of documentation which will satisfy these IRS requirements. You should keep these records for a minimum of four years after your return is filed. I maintain a digital record of your file for a minimum of 3 years. They are subject to systematic purging after that.

**I AM YOUR ADVOCATE
AND ADVISOR**

I will prepare your return in accordance with the tax laws as set forth in the current Internal Revenue Code. In analyzing your tax information, I may discover conflicting authorities as to how you should report (or not report) an item or transaction on your tax return. Statutes, court cases, public information releases, regulations, and so forth are constantly changing. As your advocate I will resolve questions involving the application of tax rules in your favor whenever there is reasonable justification to do so—and after I discuss with you any unusual risks involved. The IRS can assess a penalty if you omit information or a transaction they think should have been reported or take a position contrary to the IRS. The IRS has modified their reporting rules. As your tax preparer, I must believe we have substantial authority for a position on any item in your return or we must include a disclosure to the contrary. I am permitted to rely in good faith upon information furnished by you or another party on your behalf, and am not required to independently verify or review items reported on your return to determine if they are likely to be

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upheld if challenged by the IRS. However, I must make "reasonable inquires" if the information appears to be incorrect or incomplete. As I stated above, I am your advisor and tax preparer, but you have the final responsibility for the handling of each item on your return and for the overall correctness of the return.

DISCLOSURE

We are not permitted to disclose your information to anyone without your written permission.

DISPUTE RESOLUTION

If any dispute arises between us, we agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Commercial Mediation Rules in lieu of litigation. Mediation costs shall be shared equally by the parties. In the event that Mediation does not settle the dispute, the parties agree to submit to binding arbitration with the rules of the American Arbitration Association. In agreeing to binding arbitration each party to this contract agrees to waive their right to have the dispute decided in a court of law before a judge or jury. The Arbitration award or judgement may be entered in any court having jurisdiction over the parties.

**THIS IS HOW I
DETERMINE HOW
MUCH YOUR
PREPARATION FEE
WILL BE**

Fees for individual tax preparation services are based on my fee schedule, complexity of the issues, time involved, and technological applications. Please note my tax preparation fee does not include responding to requests for additional information or clarification after your return is filed, or representation before the IRS in the event your tax returns are examined. Fees for additional work are based on hourly rates ranging from \$60 (for bookkeeping services) to \$240 (for IRS representation). My fees are due and payable upon the completion of your tax return and prior to my delivering them to you. There are additional fees for establishing credit accounts plus carrying charges at 1.5% per month.

**SIGN THIS LETTER AT
THE BOTTOM**

If anything in this letter is unclear, please let me know. If the terms outlined above are acceptable to you, please sign and date in the space below, and return it to me with your tax information.

Thank you for choosing my firm to prepare your tax returns. I am pleased to count you among my individual income tax clients. If my services are not up to your expectations in any way, please let me know right away. If they are, I am actively seeking new individual and business tax clients and would be happy to have you refer friends and professional or business associates.

Very truly yours,

Mike Tayloe, CPA

The terms of this engagement are acceptable to me. (If this is a joint return, I am signing for both of us). The information I have provided or will provide in connection with these tax returns is true, correct and complete to the best of my knowledge.

APPROVED;

by _____ (signature) _____ (date)