

1040 - INDIVIDUAL TAX RETURN ENGAGEMENT LETTER

CLIENT NAME

STREET ADDRESS

CITY, STATE ZIP

Subject: Preparation of Your Individual Tax Return

Dear Client:

Thank you for selecting ABC Tax & Accounting, LLC, a Colorado limited liability company ("ABC Tax" or "The Company") to assist you with your tax affairs. This letter confirms the terms of your engagement with ABC Tax.

ABC Tax will prepare your federal and all state income tax returns for the year(s) _____ using information provided by you. The Company may ask for clarification of some items, but it will not audit or otherwise verify the data you submit. You should keep all documents, canceled checks and other information which supports your reported income and deductions as this information may be necessary to prove accuracy and completeness of your returns to the relevant taxing authority. Under applicable law, you are responsible for the accuracy of the returns, so you should review them carefully before signing them.

The Company's work will not include any procedures to discover irregularities in the information provided to The Company. The only accounting or analysis work to be performed by ABC Tax is that which is necessary for preparation of your income tax returns.

ABC Tax will apply the "more likely than not" reliance standard to resolve questions where the tax law is unclear, or where there may be conflicts between the taxing authorities' interpretations of the law. Penalties of as much as \$100,000 can be imposed on you for failing to disclose participation in "reportable transactions," that is, certain arrangement the IRS has identified as potentially abusive. If, during the preparation of your return, The Company discovers information which gives any indication of a reportable transaction, you agree to make all appropriate disclosures. In the event that you refuse to make the disclosures recommended to you by The Company, The Company will be entitled but not necessarily required to disclose all reportable transactions on your behalf.

The law also imposes penalties when taxpayers understate their tax liability. If you have concerns about such penalties, please call ABC Tax.

Your returns may be selected for audit by a taxing authority. If the taxing authority imposes additional tax or makes any other adjustment, you may appeal. This engagement will not cover your representation in any appellate procedure. Fees and expenses for defending the returns will be agreed to in a separate agreement.

Our fee for preparation of your tax returns will be performed based on the following schedule:

- Form 1040EZ (Individual Income Tax Return & State Tax Return) : \$60
- 1040 (Individual Income Tax Return, State Tax Return, & Schedule A) : \$115
- 1040X (Amended Tax Return) : \$50
- Schedule B (Interest and Ordinary Dividends): \$15
- Schedule C (Income or Loss from Business) : \$35
- Schedule D (Capital Gains or Losses): \$15
- Schedule E (Supplemental Income and Loss): \$30

These rates are in addition to all out-of-pocket expenses. All invoices are due and payable upon presentation. To the extent permitted by state law, an interest charge may be added to all accounts not paid within thirty (30) days. If ABC Tax is forced to bring suit to collect its fee under this engagement letter, The Company will be entitled to its attorney's fees and costs. The parties agree that the courts in the County of Arapahoe, in the State of Colorado are proper for personal and subject matter jurisdiction for any claim arising out of this engagement letter and any suit brought under this agreement shall be governed under the laws of the State of Colorado.

ABC Tax will retain copies of records in connection with this engagement for a period of seven years. After seven years, my work papers and engagement files will be destroyed without notice. All of your original records will be returned to you at the end of this engagement. You should keep the original records in secure storage.

To affirm that this letter correctly summarizes your understanding of the arrangements for this work, please sign the this letter in the space indicated and return it to me.

ABC Tax & Accounting, LLC, a Colorado limited liability company

Alicia B. Carlsen

ACCOUNTANT IN CHARGE

(Both husband and wife must sign for preparation of joint returns)

Accepted By: (H) _____

(W) _____

Date: _____