

LEON YOUNG & ASSOCIATES
Leon Young, Enrolled Agent

Tax Preparation & Tax Planning
Representation – Audits, Appeals & Collections

1182 South Nome Street
Aurora, CO 80012-4258
(303) 751-9937
lyoungtax@aol.com

DATE: _____

NAME (S): _____
NUMBER & STREET: _____
CITY, STATE & ZIP: _____

This letter confirms our understanding of the term and objective of our tax services engagement and to clarify the nature and conditions of the tax services to be provided.

We will prepare the federal and [ENTER STATE (S)] _____
[CHECK APPLICABLE RETURN TYPES] [] PERSONAL [] BUSINESS income tax returns for calendar year _____. We will provide questionnaires and worksheets to guide you in organizing the information we need to prepare your tax returns. It is your responsibility to provide us with all the information that is necessary for the preparation of complete and accurate income tax returns. We will not verify the information you give us; however we may ask additional clarification of some information.

Please download from our web site and complete the appropriate tax data questionnaire as you gather data income and expense data for your income tax returns. If you have financial documents such as W-2's or 1099's, just write "see W-2" or "see 1099" in the appropriate space on the organizer. In addition, there are questions that should be answered and spaces where you can provide other information that is important in preparing your returns. A properly completed organizer will minimize potential errors, help hold down the cost of preparing your returns and generally allow us to serve you better.

Our fees for tax services are calculated by the form, plus out-of-pocket expenses including postage and copying charges. Any additional services that may be required such as bookkeeping to organize and total receipts, unexpected tax law research or calculating asset cost basis for sales will be billed at the rate of \$75 per hour. Our bills are due when you receive them.

Your returns may be selected for review by taxing authorities. In the event of an audit, you may be required to produce documents, records or other evidence to substantiate items of income and deduction shown on a tax return. Any proposed adjustments by the examining agent are subject to certain rights of appeal. In the event of such government tax examination, I will be available upon request to represent you. However, such representation is not included in your tax preparation fee and I will render additional invoices for the time and expense incurred. Moreover, the taxing authorities may correspond with you regarding your tax return. You agree to timely forward this correspondence to us for review and analysis. Additional fees may be charged depending upon the response required..

It is important that you know in accordance to IRC Section 6662 the law imposes a penalty if a taxpayer makes a substantial understatement of tax liability. For individual taxpayers, substantial understatement occurs when the understatement for the year exceeds the greater of 10% of the tax required to be shown on the return or \$5,000. The penalty is 20% of the tax underpayment. You should also know that the IRS audit procedures will almost always include questions on bartering transactions and on deductions that require strict documentation such as travel and entertainment expenses and expenses for business

usage of home, autos and computers. In preparing your returns, we rely on your representations that we have been informed of all bartering transactions and that you understand and have complied with the documentation requirements for your expenses and deductions. If you have questions about these issues, please contact us.

Our tax return preparation engagement ends upon delivery of your tax returns for filing. Any follow-up services required (such as accompanying you to an IRS audit) will be deemed to be a separate engagement and will be governed by the terms and conditions of a separate engagement letter.

You agree that our maximum liability to you for any negligent errors or omissions committed by us in the performance of this engagement will be limited to the amount of our fees for this engagement, except to the extent determined to result from our gross negligence or willful misconduct.

We are available to provide you with additional, ongoing tax planning advice but we are not obligated to do so unless you specifically request an additional tax planning engagement. It is our policy to put all tax planning advice in writing. You should not rely on any advice that has not been fully reviewed and put in writing by our firm (either on your tax returns or in a separate, advisory letter).

The IRS Restructuring and Reform Act of 1998 granted a "qualified" privilege status to communications between taxpayers and their non-attorney representative. There is considerable misunderstanding about what this new statute really means to clients of Enrolled Agents and CPA's. Little has been published regarding the limited scope and application of this privilege. The new law does not make the communications privilege equal to that of attorneys. However, not even attorneys are granted privilege if they prepare tax returns.

Certain communications involving tax advice between you and our firm may be privileged and not subject to disclosure to the IRS. By disclosing the content of those communications to anyone or by turning over information about those communications to the government, you may be waiving this privilege. Prior to disclosing any information about our tax advice to anyone, please contact your attorney, or us in order to protect your right to privileged communications between yourself and our firm.

If, during our work, we discover information affecting your prior year tax returns, we will inform you of the facts. However, we cannot be responsible for identifying all items that may affect prior year returns. If you become aware of such information during the year, please contact us to discuss the best resolution of the issue.

If the tax services and terms outlined above are in accordance with your understanding of our engagement, please sign this letter in the space provided and return one copy along with the tax organizer and any supporting documents.

Sincerely,

Leon Young, EA
Owner

The foregoing is in accordance with my understanding of your engagement to provide tax return preparation services. The terms described in this letter are acceptable and hereby agreed to.

AGREED AND ACCEPTED:

By: _____

Date: _____