

1040-TAX NOTICE & AUDIT PROGRAM

As part of on-going efforts by the government to ensure taxpayer compliance by monitoring and examining tax returns, each year a certain portion of all taxpayers will receive tax notices from the Internal Revenue Service or a State Taxing Authority questioning tax payments, deductions, or income items. Others may receive *more serious notices* related to an AUDIT or tax lien. Experience has shown that the taxing authorities frequently make mistakes due to inadequate training, not understanding the transaction, or poor quality control over data entry and review processes. **Unfortunately, whether the tax notice is accurate or not, you the taxpayer must respond at your own expense.**

Although we always do our best to advise you appropriately and prepare your tax returns correctly, these tax notices and audits still might affect you. Our standard tax preparation fee includes the preparation of the tax returns and our meetings related to them. The income tax preparation fee does **not** include answering tax notices or Internal Revenue Service/State Taxing Authority representation as a result of an audit (unless, of course, it is due to our error).

The **1040-Tax Notice & Audit Program** for income tax returns offers a way to protect against what could be a very expensive fee situation. The typical fees involved to answer a tax notice can range from \$250 to \$500 or more depending on the complexity of the notice and the frequency of any contact with the taxing authorities. An audit can cost in the range of \$2,500-\$5,000 or more. This service is offered to our clients that desire protection against these fees, especially if they have been audited in the past, or tend to receive more than the average number of tax notices.

The extent of the additional cost for **1040-Tax Notice & Audit Program** is based upon the risk assigned to your tax return (risk of audit increases as the complexity of the return increases). This additional cost will generally be in the 20-35% range of the tax preparation fee... depending on the risk presented, and is added to your professional fees invoice. *If you do not want 1040-Tax Notice & Audit Program protection, just OPT OUT by deducting the fee from the total invoice amount.*

For this additional fee, you will be entitled to our consulting services, without restrictions or limitations, if you receive a tax notice that requires a response or, worse yet, an audit that requires an extensive amount of planning and strategy. For example, if you elect this service on your 2017 tax returns, and your returns are at a lower risk for audit, and your normal tax preparation fee (before allowances) is \$500, we would add \$100 (20% in this example) to your professional services invoice. This coverage will always exist for your 2017 returns (Federal and State) regardless of when the notice or audit notification is sent to you (so, if the taxing authority sends a notice in 2021, for example, we will honor our obligation at that time). Since tax returns can be audited or questioned for a period of 3 years after filing, if you wish to have this protection for *prior years*, please discuss your situation with us --- we are glad to be able to provide protection for these prior years' tax returns, but only if we prepared them.



For the modest fee, as explained above, you are afforded a great deal of protection from the stress and expense of dealing with the taxing authorities. When enrolled in the 1040-Tax Notice & Audit Program you are relieved of that stress and additional expense.

What the Program Does Not Cover --- the 1040 program does not cover any of the taxes, penalties, or interest that might be due as a result of the Internal Revenue Service or State Taxing Authority inquiry or audit, or the preparation of amended returns or revised forms and schedules. Nor does the 1040 program cover business tax returns such as corporations, partnerships, trusts, and multiple-member limited liability companies, which may be covered under separate programs. In addition, the **1040-Tax Notice & Audit Program** does not include bookkeeping, specific preparation, out-of-pocket, or travel expenses related to an audit.



Tax audit representation is at the agent level only... not Appeals or Tax Court representation. Generally, all tax audit representation shall take place during the off-season... May 1 - November 30.

If the fee for the **1040-Tax Notice & Audit Program** (generally 20-35% of the tax return preparation fee—unless it is determined that your return presents an above-average risk of being audited) is paid within 10 days after the original due date of the return (or within 10 days after the due date of an extended return), tax notice resolution and tax audit representation on your behalf will be handled by a Certified Public Accountant at...

NO ADDITIONAL COST TO YOU!