

FACTS ABOUT AUDITS AND PSK's PREPAID IRS AUDIT FEE PROGRAM

- **Your chances of being audited by the IRS are significantly higher in Texas.**

The latest government statistics indicate that individual tax returns filed in Texas have one of the highest probabilities of being selected for examination by the IRS. In addition, the IRS has increased the number of returns selected for audit as Congress has raised the IRS budget and the IRS has been charged by Congress to raise additional tax revenue in the form of penalties and interest for noncompliance.

- **There are no ways to decrease your chances of being selected for audit by the IRS.**

Unless you are willing to forego legitimate deductions that the IRS computers might scrutinize because it may differ from the "norm," there is probably nothing you can do to lower your chances of being audited. The IRS selects returns for audit because certain income or deduction items differ from a closely guarded "norm" or "limit."

- **There is something you can do about being audited!**

Being audited by the IRS can weigh on you in two ways – the anxiety that goes along with being audited and the cost for professional representation during the audit. PSK has a program that can help with both. **PSK's PREPAID IRS AUDIT FEE PROGRAM** can help reduce your anxiety of being audited and substantially reduce your cost for professional representation at your examination.

- **How PSK's PREPAID IRS AUDIT FEE PROGRAM works.**

If you subscribe to our program, we immediately go into action and take charge of your audit by:

1. Handling all communications with the IRS.
2. Helping you organize your tax records for examination.
3. Preparing the defense of your return.
4. Appearing on your behalf at the audit as your personal representative.

As a subscriber to our program, once you receive notice of an audit, we step in to handle all aspects of the audit. There is a good chance that you won't have to appear at your audit. One of the most unpleasant parts of dealing with the IRS is personally appearing at their "inquisition." Of course, the outcome of any IRS audit depends upon the facts related to your return and no one can alter the facts in any situation. This program subscription does not ensure that the outcome of the audit will be in your favor. The IRS may assess additional taxes, interest, and penalties, which will be your responsibility. Our purpose is helping make sure that your case is presented in the most favorable light for you at an affordable price.

- **The cost of a single year's PSK's PREPAID IRS AUDIT FEE PROGRAM subscription is \$245.**

Without this program subscription, the cost of being represented would be an hourly fee of our regular tax rate. This can often be hundreds or thousands of dollars.

- **Exactly what accounting work does the cost of the program cover?**

The program subscription acts as a retainer to cover accounting services associated with an "office" audit. An "office" audit is an examination conducted by the IRS at the office of the IRS. The program does not cover IRS "field" audits in which the IRS requests an examination at the taxpayer's place of business. The "field" audits tend to be conducted in greater breadth and depth and our low-cost program subscription fee is not designed to cover these more extensive audits. However, the overwhelming majority of individual taxpayer audits are "office" audits and not "field" audits.

Under the program we handle all IRS correspondence for a covered year even if you are not selected for audit. The program does not cover accounting services associated with any appeals process or litigation or litigation support after final determination at the examination level of your audit. The program does not cover audits or notices initiated by a state taxing authority.

We reserve the right to withdraw the offer of this program prior to its acceptance without notice. The right to accept a client in the Prepaid Audit Program rests solely with PSK LLP.

**To subscribe to the program, please sign and return the enclosed
PSK's PREPAID IRS AUDIT FEE PROGRAM ENGAGEMENT LETTER**



**PSK's PREPAID IRS AUDIT FEE PROGRAM
ENGAGEMENT LETTER**

In consideration of **PSK's PREPAID IRS AUDIT FEE PROGRAM** (PROGRAM) retainer fee this engagement is made between PSK LLP and client named herein. PSK LLP agrees to represent the client named herein before the Internal Revenue Service (IRS) as described herein, in the event of an audit or other IRS correspondence for the named year(s).

SECTION I: AUDIT DEFINITION

- (a) As used in this agreement the term "audit" means any "office" audit by the IRS including any written communication or telephone calls initiated by the IRS in which the IRS desires to audit, examine, review, investigate or verify any item(s) on client individual federal income tax return Form 1040.
- (b) An "office" audit is an examination by the IRS of an individual income tax return at the "office" of the IRS. This PROGRAM retainer fee **does not** cover an IRS "field" audit in which the IRS requests to come to the taxpayer's place of business to examine records in detail or any "office" audit expanded to a "field" audit.
- (c) The PROGRAM retainer fee covers **only** audits of individual **Federal** income tax return Form 1040 for the listed year(s) in which PSK prepared the return(s).
- (d) Any investigation conducted by the IRS involving issues of civil or criminal fraud **does not** constitute an "audit" as defined herein, and ceases to qualify as a prepaid case at the time such issues enter the case.
- (e) The PROGRAM retainer fee **does not** include any services associated with an appeals process or litigation or litigation support. However, we will counsel you regarding the advisability of appealing any IRS audit adjustment at the conclusion of the "office" audit.
- (f) The PROGRAM retainer fee **does not** include accounting services associated with the examination of any information from another federal tax return that appears on an individual's federal tax return, e.g., information from a Partnership's K-1 or S-Corporation Shareholder's K-1.
- (g) The PROGRAM retainer fee includes **only** those "office" audits in the Dallas-Fort Worth area or any "office" audits that we are able to get transferred to the Dallas-Fort Worth area should you move from this area.
- (h) The PROGRAM retainer fee **does not** include audits of individual **State** income tax returns.

SECTION II: REPRESENTATION DEFINITION

- (a) As used in this agreement the term "representation" means that we will represent the client in all communications, meetings, and negotiations with the IRS up to, but **not** including, the appellate level.
- (b) We will appear at IRS "office" audits on behalf of the client.
- (c) If a personal appearance by the client is deemed in the best interest of the case, client shall cooperate with such a request.
- (d) We will not enter into a settlement or agreement with the IRS regarding the audit without client's approval.

SECTION III: PREPAID REPRESENTATION

- (a) The PROGRAM retainer covers the cost of tax services associated with representation of client at client's IRS audit and/or handling of IRS correspondence of listed year(s).
- (b) We will represent the client if client has not received an audit notification from IRS prior to the payment date of this PROGRAM retainer.

- (c) Upon client's notification of an audit by IRS, client shall respond to such notification by immediately notifying us in writing and by telephone.

SECTION IV: PROGRAM EXCLUSIONS

This PROGRAM retainer fee **does not** cover:

- (a) Additional taxes, interest, or penalties as a result of an IRS examination.
- (b) IRS "field" audits as described above.
- (c) IRS audits or correspondence in which the client has received notification from the IRS dated prior to the PROGRAM retainer fee **payment** date.
- (d) Returns filed by client with unpaid balance due.
- (e) IRS audits of Partnerships, S-Corporations, Trusts, Estates, etc.; returns that affect a client's individual return.
- (f) The appeals process, litigation, or litigation support. We do not provide legal services in either civil or criminal matters.
- (g) The cost of any amended returns as a result of IRS adjustments or correspondence.
- (h) Schedule C.
- (i) Schedule F.

SECTION V: CLIENT OBLIGATIONS

- (a) Client shall cooperate completely with PSK and any of our representatives working on client's behalf under the terms of this PROGRAM.
- (b) It shall be client's responsibility to provide any information or documentation, in an organized manner requested by PSK, necessary to substantiate any item(s) on client's return required by the audit.
- (c) Client shall sign a power of attorney authorizing PSK to represent the client in any audit or other IRS matter on the client's individual tax return for the year of the PROGRAM retainer.
- (d) Clients shall make themselves available to appear at the IRS audit if we deem it in the best interest of securing a more favorable defense of client's tax return under examination.
- (e) Upon receipt of any correspondence or telephone communication from IRS, client shall immediately notify PSK in writing and by telephone.

SECTION VI: ENGAGEMENT FEE

- (a) The fee for this prepaid IRS audit fee PROGRAM is \$245.00 covering the 2021 Federal Form 1040 tax return.

Dated this _____ day of _____, 2022.

Accepted By:

PSK LLP

If this letter correctly expresses your understanding, please sign below where indicated.

Client Signature

Date

Printed Name