[Date]

«Client\_Attention\_Line»

«Mailing\_Name»

«Mailing\_Address\_Line\_1»

«Mailing\_Address\_Line\_2»

«Mailing\_Address\_Line\_3»

«Mailing\_City», «Mailing\_State» «Mailing\_Zip\_Code»

Dear «Salutation»:

**Subject: [Year] Tax Engagement Letter**

This letter is to confirm and specify the terms of our engagement with **«Mailing\_Name»** (hereinafter “you”) for the year ended [Date], and to clarify the nature and extent of tax services we will provide. We will perform our services in accordance with the Statements on Standards for Tax Services issued by the American Institute for Certified Public Accountants and U.S. Treasury Department Circular 230 (Circular 230). It is our duty to perform services with the same standard of care that a reasonable income tax preparer would exercise in this type of engagement. It is your responsibility to safeguard your assets and maintain accurate records pertaining to transactions. We will not hold your property in trust for you, or otherwise accept fiduciary duties in the performance of the engagement.

We, in our sole professional judgment, reserves the right to refuse to take any action that could be construed as making management decisions or performing management functions on your behalf.

. Our engagement is limited to performing the following services:

1. Prepare the federal and state income tax returns listed on the attached exhibit.

[Year] Federal Form 990, Return of Organization Exempt from Income Tax

[Year] State Tax Return(s) as requested by you

This engagement pertains only to the [Year] tax year, and our responsibilities do not include preparation of any other tax return years that may be due to any taxing authority. We are responsible for preparing only the returns referenced above. **If you have taxable activity in a state or local municipality other than that referenced, you are responsible for providing our firm with all the information necessary to prepare any additional applicable state and local income tax returns as well as informing us of the applicable states and local municipalities**. If you have income tax filing requirements in a given state or local municipality but do not file that return, there could be possible adverse ramifications such as an unlimited statute of limitations, penalties, etc. This engagement letter does not cover the preparation of any financial statements sales and use tax, or gift tax returns, which, if we are to provide, will be covered under a separate engagement letter.

It is your responsibility to provide us with all the information required for preparing complete and accurate returns. We will not audit or verify the data you submit, although we may ask you to clarify it, or furnish us with additional data. You should retain all the documents, canceled checks, and other data that form the basis of income and deductions. The documents may be necessary to prove the accuracy and completeness of the returns to a taxing authority. You represent that the information you are supplying to us is accurate and complete to the best of your knowledge and that you have disclosed to us all relevant facts affecting the returns. **You have the final responsibility for the income tax returns and, therefore, you should review them carefully before you sign them.** We are not responsible for the disallowance of doubtful deductions or inadequately supported documentation, nor for resulting taxes, penalties and interest.

We may provide you with a questionnaire or other document requesting specific information. Completing those forms will assist us in making sure you are well served for a reasonable fee. We will not verify the information you give us; however, we may ask for additional clarification of some information.

If, during our work, we discover information that affects prior-year tax returns, we will make you aware 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. We will be happy to prepare appropriate amended returns as a separate engagement.

Our engagement does not include any procedures designed to detect errors, fraud, or theft. Therefore, our engagement cannot be relied upon to disclose such matters. In addition, you are responsible for developing and implementing internal controls applicable to your operations. Our services are not designed to provide assurance on internal controls or to identify reportable conditions, that is, significant deficiencies or material weaknesses in the design or operation of internal control. Accordingly, we have no responsibility to identify and communicate significant deficiencies or material weaknesses in your internal control as part of this engagement, and our engagement cannot be relied upon to disclose the same. However, during the procedures, if we become aware of such reportable conditions, we will communicate them to you.

The Internal Revenue Service imposes penalties on taxpayers, and on us as return preparers, for failure to observe due care in reporting for income tax returns. In order to ensure an understanding of our mutual responsibilities, we ask all clients for whom we prepare tax returns to confirm the following arrangements.

Federal, state and local taxing authorities impose various penalties and interest charges for non-compliance with tax law, including for example, failure to file or late filing of tax returns and underpayment of taxes. You as the taxpayer remain responsible for the payment of all taxes, penalties and interest charges imposed by taxing authorities.

**Substantial understatement penalties**

The IRS and many states impose penalties for substantial understatement of tax. To avoid the substantial understatement penalty, you must have substantial authority to support the tax treatment of the item challenged by the IRS or have an adequate disclosure of the item. To fulfill the adequate disclosure requirement, you may be required to attach to your tax return a completed Form 8275, Disclosure Statement, or Form 8275-R, Regulation Disclosure Statement, which discloses all relevant facts.

You agree to advise us if you wish to disclose a tax treatment on your return. If you request our assistance in identifying or performing further research to ascertain if there is substantial authority for the proposed position to be taken on the tax item(s) in your returns, and we agree to perform the research, we will confirm this engagement in a separate agreement. It is your responsibility to contact us if additional assistance is required.

If we conclude as a result of our research that you are required to disclose a transaction on your tax return, you consent to attach Form 8275 or Form 8275-R to your tax return for filing after we discuss the matter with you. If the IRS, state or local tax authorities later contest the position taken, additional tax, penalties, and interest may be assessed. We assume no liability, and you hereby release us from any liability arising from such contest, including but not limited to, additional tax, penalties, interest, and related professional fees for the position taken

**Tax return preparer standards, reportable transactions and tax shelters**

Pursuant to the standards prescribed in Circular 230 and IRC §6694, we, as tax return preparers, are prohibited from signing a tax return unless we have a reasonable belief that there is substantial authority for a tax position taken on the tax return or we have a reasonable basis for the tax return position taken on the return and we disclose this tax position in a separate attachment to the tax return.

The law imposes substantial penalties on taxpayers and tax advisors for failure to disclose listed and other reportable transactions on Form 8886, Reportable Transaction Disclosure Statement. In general, reportable transactions are potentially abusive transactions identified by the IRS that have a primary purpose of tax avoidance, including but not limited to listed transactions, confidential transactions, transactions with contractual protection, loss transactions, and transactions of interest (a definition of “reportable transactions” is located at <https://www.irs.gov/instructions/i8886> and includes a link to a summary of listed transactions).

The law imposes substantial penalties on taxpayers and tax advisors for failure to disclose tax shelters on Form 8271, Investor Reporting of a Tax Shelter Registration Number. A tax shelter is defined in IRC §6662((d)(2)(C) as a partnership or other entity, investment plan or arrangement, or any other plan or arrangement if a significant purpose of such partnership, entity, plan or arrangement is the avoidance or evasion of federal income tax.

You agree to advise us of any tax shelters and/or reportable transactions identified in tax reference materials. Unless a reportable transaction is more likely than not to be sustained on its merits, IRC §6662A, Imposition of Accuracy-Related Penalty on Understatements with Respect to Reportable Transactions, requires us to disclose the reportable transaction in a separate attachment to the tax return. Similarly, unless a tax shelter is more likely than not to be sustained on its merits, IRC §6662(d)(2)(C)(ii), Imposition of Accuracy-Related Penalty on Underpayments, requires us to disclose tax shelters in a separate attachment to the tax return.

If you do not consent to a required disclosure, we may be unable to prepare your tax returns. If you choose not to change your position or adequately disclose the tax position so as to eliminate, at our sole discretion, our exposure to the preparer penalty, we, at our sole discretion and at any time, may withdraw from the engagement without completing or delivering tax returns to you. Such withdrawal will complete our engagement and you will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenses incurred through the date of our withdrawal.

You agree to hold our firm harmless with respect to any liability including but not limited to, additional tax, penalties, interest and professional fees resulting from your failure to timely notify us, in writing, of any tax shelters and/or reportable transactions identified in tax reference materials in order to facilitate the timely preparation and filing of your tax returns.

We may deem it necessary to provide you with accounting and bookkeeping assistance solely for the purpose of preparing the tax returns. These services will be performed solely in accordance with the AICPA Code of Professional Conduct. We will request your approval in writing before rendering these services. Additional charges will apply for such services.

**Estimated tax payments**

You may be required to make quarterly estimated tax payments. We will calculate these payments for the [Year] tax year based upon the information you provide to prepare your [Year] tax returns (the “safe harbor” rule). Updating recommended payments to more closely reflect your actual current year’s income is not within the scope of this engagement. If you would like us to provide this service, and we agree to do so, we will confirm this update in a separate agreement.

**Tax Planning Services**

Tax planning services are not within the scope of this engagement. During the course of preparing the tax returns identified above, we may bring to your attention potential tax savings strategies for you to consider as a possible means of reducing your taxes in subsequent tax years. However, we have no responsibility to do so, and will take no action with respect to such recommendations, as the responsibility for implementation remains with you, the taxpayer. If you ask us to provide tax planning services, and we agree to provide them to you. we will confirm this engagement in a separate engagement letter.

**Government Inquiries**

This engagement does not include responding to inquiries by any governmental agency or tax authority. If your tax return is selected for examination or audit, you may request our assistance in responding to such an inquiry. If you ask us to represent you, and we agree to provide them to you. we will confirm this engagement in a separate engagement letter.

**Third-party requests**

We will not respond to any request from banks, mortgage brokers or others for verification of any information reported on these tax returns. We do not communicate with third parties or provide them with copies of tax returns**.**

**Tax Advice**

Any advice we may provide is based upon tax reference materials, facts, assumptions, and representations that are subject to change. Tax reference materials include, but are not limited to, the Internal Revenue Code (“IRC”), tax regulations, Revenue Rulings, Revenue Procedures, private letter rulings and court decisions. We will not update our advice after the conclusion of the engagement for subsequent legislative or administrative changes or future judicial interpretations. To the extent we provide written advice concerning federal tax matters, we will follow the guidance contained in Circular 230, §10.37, Requirements for Written Advice.

**Reliance on Others**

If you wish to take a tax position based upon the advice of another tax advisor, you agree to obtain a written statement from the advisor confirming that the position should meet the “realistic possibility,” “substantial authority,” or “more likely than not” standard, as applicable. In preparing your federal tax return, we are subject to a diligence as to accuracy regarding reliance on others standard, as defined in revisions to Circular 230, §10.37(b). To the extent a position is based upon the advice of another tax advisor, prior to preparing or signing the tax return, the AICPA SSTS No. 1 and related Interpretations 1-1 and 1-2, which requires our firm to have a good faith belief that the position has, at a minimum, a “realistic possibility” of being sustained administratively or judicially on its merits, if challenged. Additional charges will apply to such research. Moreover, you understand that the IRS, state or local authority could disagree with the position taken on the return. If this occurs, you will be responsible for any additional tax, penalties and interest, as well as any related professional fees, you may incur.

Your returns may be selected for review by taxing authorities. In the event of an examination or other IRS contact, we are available to represent you. Any proposed adjustments by the examining agent are subject to certain rights of appeal. In the event of such government tax examinations, we will be available upon request to represent you and will render additional invoices for the time and expenses incurred. Fees for these additional services will be communicated in a separate engagement letter.

We are responsible for preparing only the returns listed. Our fee does not include responding to IRS inquiries, and you understand that we are not responsible for IRS disallowance of doubtful deductions or inadequately supported documentation, or for resulting taxes, penalties, and interest.

**On-line Access to Information**

To the extent you provide our firm with access to electronic data via a local or online database from which we will download your trial balance or other information, you agree that the data is accurate as of the date and time you authorize it to be downloaded.

We will use our professional judgment in preparing your returns. Given the magnitude of recent tax law changes including, but not limited to, modifications to certain economic tax relief provisions that were part of recent U.S. stimulus packages, as well as some new tax concepts introduced in the law, additional stated guidance from the taxing authorities and possibly from Congress in the form of technical corrections or revisions to certain income tax provisions may be forthcoming. We will use our professional judgment and expertise to assist you given the guidance as currently promulgated at the time our services are rendered. Whenever we are aware that a possible applicable tax law is unclear or that there are conflicting interpretations of the law by authorities (e.g., tax agencies and courts), we will explain the possible positions that may be taken on your return. In accordance with our professional standards, we will follow whatever position you request, as long as it is consistent with the codes, regulations, and interpretations that have been promulgated. If the Internal Revenue Service should later contest the position taken, there may be an assessment of additional tax plus interest and penalties. We assume no liability for any such additional penalties, interest, or assessments. In the event, however, that you ask us to take a tax position that in our professional judgment will not meet the applicable laws and standards as promulgated, we reserve the right to stop work and shall not be liable to you for any damages that occur as a result of ceasing to render services. If we cease to render services you are responsible to pay our fees incurred to date.

**Documentation**

You are responsible for maintaining adequate documentation to substantiate the accuracy and completeness of your tax returns. You should retain all documents that provide evidence and support for reported income, credits, deductions, and other information on your returns, as required under applicable tax laws and regulations. You are responsible for the adequacy of all information provided in such documents. You represent that you have such documentation and can produce it, if necessary, to respond to any audit or inquiry by tax authorities. You agree to hold our firm harmless from any liability including but not limited to, additional tax, penalties, interest and professional fees resulting from the disallowance of tax deductions due to inadequate documentation.

**Personal and Other Expenses**

You are responsible for ensuring that personal expenses, if any, are segregated from business expenses and that expenses such as meals, travel, vehicle use, gifts, and related expenses are supported by necessary records required by the IRS and other tax authorities. The IRS requires formal records of these items be maintained to support the nature and deductibility of such expenses. At your written request, we are available to provide you with written answers to your questions on the types of supporting records required. Your signature on this letter confirms that we have advised you of the recordkeeping requirements and that your expenses for these items are supported by records as required by law.

**State and Local Filing Obligations**

On June 21, 2018, the U.S. Supreme Court reversed the long-standing physical presence nexus standard in *South Dakota v. Wayfair, Inc. et. al*. This decision significantly changed the landscape of sales and use tax compliance, especially for online sellers. If you wish to understand the impact of the decision on your business, we will confirm this in a separate engagement letter. The scope of our services under this engagement letter does not include services related to your compliance with other tax obligations.

You are responsible for determining your tax filing obligations with any state or local tax authorities, including, but not limited to, income, franchise, sales, use, property or unclaimed property taxes. You agree that we have no responsibility to research these obligations or to inform you of them.If upon review of the information you have provided to us, including information that comes to our attention, we believe that you may have additional filing obligations, we will notify you. You acknowledge that any additional filing obligations are not within the scope of this engagement. If you ask us to prepare these returns, and we agree to do so, we will confirm this engagement in a separate engagement letter.

Please note the Internal Revenue Service (“IRS”) considers virtual currency (e.g., Bitcoin) and other digital assets (e.g., NFTs) as property for U.S. federal tax purposes. As such, any transactions involving crypto assets or transactions that use or exchange virtual currencies are subject to the same general tax principles that apply to other property transactions. If you had any crypto asset or virtual currency activity during the [Year] tax year, you may be subject to tax consequences associated with such transactions and may have additional foreign reporting obligations. You agree to provide us with complete and accurate information regarding any transactions in crypto assets or transactions using any virtual currencies during the applicable tax year. Please ask us for advice if you have any questions.

**By your signature below, you agree that you have the proper records to substantiate all items of income and deductions, including travel and entertainment expenses, and that you will carefully examine and approve your completed tax returns before signing and mailing them to the tax authorities.**

Congress has greatly limited taxpayers’ deductions for travel and entertainment expenses. As such, conflicting regulations and laws have been passed. At present, the minimum record keeping requirement is that you maintain certain records relating to meals, travel expense, entertainment expense, vehicle use, and business gifts. The minimal substantiation must include the amount of the expense; the place of either the travel, entertainment, and so on; the date and description of the gift; the business purpose of the expense; and the business relationship of the taxpayer to the person being entertained or receiving the gift. Although not required, the government prefers that the information be kept in a diary, or in some chronological order. There is a strong need for this information to be kept current. Where possible, charge cards should be used and the above information shown on the back of the slip you maintain.

**Other Income, Losses, and Expenses**

If you realized income, loss, or expense from a business or supplemental income or loss, the reporting requirements of federal and state income tax authorities apply to such income, loss, or expense. You are responsible for complying with all applicable laws and regulations pertaining to such operations, including the classification of workers as employees or independent contractors and related payroll tax and withholding requirements.

**U.S. filing obligations related to foreign investments**

Based on the information you provide, you may have additional filing obligations including but not limited to:

* Ownership of or an officer relationship with respect to certain foreign corporations (Form 5471);
* Foreign-owned U.S. corporation or domestic disregarded entity (Form 5472);
* Foreign corporation engaged in a U.S. trade or business (Form 5472);
* U.S. transferor of property to a foreign corporation (Form 926);
* U.S. person with an interest in a foreign trust (Forms 3520 and 3520-A);
* U.S. person with interests in a foreign partnership (Form 8865);
* U.S. person with interests in a foreign disregarded entity (Form 8858); or
* Statement of specified foreign assets (Form 8938).

You are responsible for informing us of all foreign assets owned directly or indirectly, including but not limited to financial accounts with foreign institutions, other foreign non-account investments, and ownership of any foreign entities, regardless of amount. If upon review of the information you have provided to us, including information that comes to our attention, we believe that you may have additional filing obligations, we will notify you.

Failure to timely file the required forms may result in substantial civil and/or criminal penalties. By your signature below, you agree to provide us with complete and accurate information regarding any foreign investments in which you have a direct or indirect interest, or over which you have signature authority, during the above referenced tax year.

The foreign reporting requirements are very complex. If you have any questions regarding the application of the reporting requirements for your foreign interests or activities, please ask us and we will respond in writing. Only advice that is in writing may be relied upon. We assume no liability for penalties associated with the failure to file or untimely filing of any of these forms.

**Foreign filing obligations**

You are responsible for complying with the tax filing requirements of any other country. You acknowledge and agree that we have no responsibility to raise these issues with you and that foreign filing obligations are not within the scope of this engagement.

**Ultimate Responsibility**

You have final responsibility for the accuracy of your tax returns. We will provide you with a copy of your electronic tax returns and accompanying schedules and statements for review prior to filing with the IRS and state and local tax authorities, as applicable. You agree to review and examine them carefully for accuracy and completeness.

You will be required to verify and sign a completed Form 8879-PE, *IRS e-file Signature Authorization for Form* *D-403* and any similar state and local equivalent authorization form before your returns can be filed electronically.

In the event that you do not wish to have your tax returns filed electronically, please contact our firm. Additional procedures will apply. You will be responsible for reviewing the paper returns for accuracy, signing them, and filing them timely with the tax authorities.

**Record Retention.** It is our policy to keep electronic records related to this engagement for six (6) years. However, [CPA Firm] does not keep any original client records. If you request we will return original documents to you at the completion of the services rendered under this engagement. When records are returned to you, it is your responsibility to retain and protect your records for possible future use, including potential examination by any government or regulatory agencies.

By your signature below, you acknowledge and agree that upon the expiration of the six (6) year period, [CPA Firm] shall be free to destroy our records related to this engagement.

**Confidentiality.** All information you provide to us in connection with this engagement will be maintained by us on a strictly confidential basis. In the event we receive a subpoena or summons requesting that we produce documents from this engagement or testify about the engagement we will notify you prior to responding to it if we are legally permitted to do so. You may, within the time permitted for our firm to respond to any request, initiate such legal action as you deem appropriate to protect information from discovery. If you take no action with the time permitted for us to respond or if your action does not result in a judicial order protecting us from supplying requested information, we may construe your inaction or failure as consent to comply with the request. Time incurred in connection with subpoenas, and/or other related legal matters involving you, and or your account(s), will be billed at our normal hourly billing rates.

Certain communications involving tax advice are privileged and not subject to disclosure to the IRS. By disclosing the contents of those communications to anyone, or by turning over information about those communications to the government, you, your employees, or agents may be waiving this privilege. To protect this right to privileged communication, please consult with us or your attorney prior to disclosing any information about our tax advice. Should you decide that it is appropriate for us to disclose any potentially privileged communication, you agree to provide us with written, advance authority to make that disclosure.

[CPA Firm] will use the third-party data entry services to assist our firm with entering basic data and information into our electronic tax preparation software program. This change in practice is being initiated to help streamline our tax preparation process so that we can focus our time and expertise on technical tax compliance issues. We are comfortable that our provider has strong protection and security systems in place to safeguard your confidential information. Please be assured that your tax return preparation and review will continue to be completed and signed by an experienced member of [CPA Firm]. Regulations and our professional standards require us to obtain your consent before sharing your confidential information with our third-party service provider and their offshore employees. As such, we ask that you sign and return a copy of this engagement letter, thus providing consent.

**Internet Communication**. In the interest of facilitating our services to you, we may communicate by facsimile transmission or send electronic mail over the internet. This often involves sending data, documents and other information, including sensitive tax and financial information. Such communications may include information that is confidential to you. Massachusetts passed legislation that imposes restrictions on the type of data that can be sent to you via email. Our firm employs measures in the use of facsimile machines and computer technology designed to maintain data security. While we will use reasonable efforts to keep such communications secure in accordance with our obligations under applicable laws and professional standards, you recognize and accept that we have no control over the unauthorized interception of these communications once they have been sent and consent to our use of these electronic devices during this engagement. You should ensure that your email server and the information stored on your system is secure. We are not responsible for any transmission problems or for the failure of you or any authorized recipient of the information to receive files. You are solely responsible for (i) notifying the firm of the failure to receive files containing your information so that we may provide a copy in an alternate form; (ii) securing your email server and restricting access to your email in order to maintain confidentiality of the information transmitted; (iii) storing the electronic files containing the information; and (iv) acquiring and maintaining the software needed to open and access the files containing the information.

***Timing of the Engagement***

We expect to begin our services upon receipt of your [Year] tax information.

Our services will conclude upon the earlier of: (1) the electronic filing and acceptance of your [Year] tax returns by the appropriate tax authorities and the mailing or delivery of any non-electronically filed tax returns for your review and filing with the appropriate tax authorities, (2) written notification by either party that the engagement is terminated, or (3) one year from the execution date this Agreement.

***Extensions of Time to File Tax Returns***

The original filing due dates for your tax returns are generally [Date]; however, they may vary with the type of return filed, your state, and other factors. **Due to the high volume of tax returns prepared by our firm, the information needed to complete the tax returns must be received no later than [Date] so that the returns may be completed by the original filing due dates.**

It may become necessary to apply for an extension of the filing deadline if there are unresolved issues or delays in processing, or if we do not receive all of the necessary information from you on a timely basis. Applying for an extension of time to file may extend the time available for a government agency to undertake an audit of your return or may extend the statute of limitations to file a legal action. All taxes owed are due by the original filing due date. Additionally, extensions may affect your liability for penalties and interest or compliance with governmental or other deadlines.

To the extent you wish to engage our firm to apply for extensions of time to file tax returns on your behalf, you must notify us of this request in writing. Our firm will not file these applications unless we receive an executed copy of this Agreement and your express written authorization to file for an extension. In some cases, your signature may be needed on such applications prior to filing. Failure to timely request an extension of time to file can result in penalties for failure to file tax returns, which accrue from the original due date of the returns, and can be substantial. We are available to discuss this matter with you at your request. Additional charges may apply for such services.

***Penalties and Interest Charges***

Federal, state, and local tax authorities impose various penalties and interest charges for non-compliance with tax laws and regulations, including failure to file or late filing of returns, and underpayment of taxes. You, as the taxpayer, remain responsible for the payment of all tax, penalties, and interest charges imposed by tax authorities.

We rely on the accuracy and completeness of the information you provide to us in connection with the preparation of your tax returns. Failure to disclose or inadequate disclosure of income or tax positions may result in the imposition of penalties and interest charges.

**Fees & Billings—General.** Our fee will be based upon the complexity of your return(s) and the level of expertise necessary to complete the services represented in this letter. All invoices are due and payable upon presentation. If we have not received payment within 90 days of our invoice, all work will be suspended until your account is brought current. «Mailing\_Name» acknowledges and agrees that in the event we stop work or withdraw from this engagement as a result of «Mailing\_Name»’s failure to pay on a timely basis for services rendered as required by this engagement letter, we shall not be liable for any damages that occur as a result of our ceasing to render services.

In recognition of the relative risks and benefits of this agreement to both the client and the accounting firm, the client and the accounting firm have agreed on the fair allocation of risk between them. As such, the client agrees, to the fullest extent permitted by law, to limit the liability of the accounting firm to the client for any and all claims, losses, costs, and damages of liability of the accounting firm to the client shall not exceed our accounting firms total fee for services rendered under this agreement. The client and the accounting firm intend and agree that this limitation apply to any and all liability or cause of action against the accounting firm, however alleged or arising, unless otherwise prohibited by law.

**Limitation of Liability.** You agree that our firm’s liability for any and all claims, damages, losses and costs of any nature arising from this engagement is limited to the total amount of fees paid by you to our firm for the services rendered under this agreement.

**Indemnification.** You shall upon the receipt of written notice indemnify and hold [CPA Firm] and its affiliates and their partners, principals, and personnel, harmless against all costs, fees, expenses, damages, and liabilities (including legal defense costs) associated with any third-party claim arising from or relating to any knowing misrepresentation to [CPA Firm] by you or the intentional withholding or concealment of information from [CPA Firm] by you. In addition, you shall upon receipt of written notice indemnify and [CPA Firm] and its affiliates, and their partners, principals and personnel, harmless against all punitive damages associated with any third-party claim arising from or relating to: (i) any services, work product, or deliverables from [CPA Firm] that you or its management uses or discloses to others; or (ii) this engagement generally. The terms of this paragraph shall apply regardless of the nature of any claim

asserted (including those arising out of tort, strict liability, or otherwise) and whether or not [CPA Firm] was advised of the possibility of the damage or loss asserted. Such terms shall also continue to apply after any termination of this agreement by either party and during any dispute between the parties. To the extent finally determined that the conduct giving rise to such punitive damages arose out of [CPA]’s gross negligence or willful misconduct, this paragraph shall not apply.

**Nonsolicitation.** You agree not to solicit for your employment, either directly or indirectly, any of the current employees of [CPA Firm] for your business or personal operations. If, for whatever reason, you hire any of our employees, you agree to pay us a placement fee equal to 40% of that individual’s then current annualized salary, including overtime and bonuses.

**Mediation.** In the event of a dispute related in any way to our services, our firm and you agree to discuss the dispute and, if necessary, to promptly mediate in a good faith effort to resolve. We will agree on a mediator, but if we cannot, either of us may apply to a court having personal jurisdiction over the parties for appointment of a mediator. We will share the mediator's fees and expenses equally, but otherwise will bear our own attorneys' fees and mediation cost. Participation in such mediation shall be a condition to either of us initiating litigation. In order to allow time for the mediation, any applicable statute of limitations shall be tolled for a period not to exceed 120 days from the date either of us first requests in writing to mediate the dispute. The mediation shall be confidential in all respects, as allowed or required by law, except our final settlement positions at mediation shall be admissible in litigation solely to determine the prevailing party's identity for purposes of the award of attorneys' fees. If any portion of this agreement is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of the terms set forth in this engagement letter. This section shall survive completion or termination of this Agreement, but under no circumstances shall either party call for mediation of any claim or dispute arising out of this Agreement after such period of time as would normally bar the initiation of legal proceedings to litigate such claim or dispute under the laws of the Commonwealth of Massachusetts.

If mediation fails to resolve the dispute or claim, the parties hereby agree that they shall submit any action, claim or counterclaim whether based in contract, tort, and statutory rights or otherwise to the Business Litigation Session of Suffolk County Superior Court of the Commonwealth of Massachusetts. The parties also agree that the laws of the Commonwealth of Massachusetts shall govern all legal proceedings arising from this engagement.

**Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts including its principles of conflicts of law. The parties hereby irrevocably and unconditionally agree to submit to the jurisdiction of the state and federal courts of Massachusetts. The parties also irrevocably and unconditionally agree that the state and federal courts of Massachusetts shall be the exclusive venue for any litigation between them.

**Closing.** If the foregoing fairly sets forth your understanding, please sign this letter in the space indicated and return it to our office. However, if there are other tax returns you expect us to prepare, such as gift and/or property, please inform us by noting so just below your signature at the end of the returned copy of this letter. This letter will continue in effect until canceled by either party.

**Your [Year] tax return(s) cannot be prepared unless this engagement letter is signed and returned to our office.** We want to express our appreciation for this opportunity to work with you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know.

Sincerely,

[CPA Firm]

Certified Public Accountants

Acknowledged and Accepted for «Mailing\_Name»:

|  |  |  |
| --- | --- | --- |
| Signature |  | Date |