



**SPECIALIST**  
ECONOMIC ADVISORS

DATE

COMPANY NAME  
COMPANY ADDRESS 1  
COMPANY ADDRESS 2  
COMPANY CITY, STATE, ZIP

**SAMPLE TAX EXAMINATION ENGAGEMENT LETTER**

Subject: Tax Examination Engagement

Dear CLIENT NAME:

This letter confirms arrangements for us to represent you in connection with an IRS or STATE OF XXX examination of your (YEAR) (FEDERAL or STATE XXX) income tax return(s). In order to begin this engagement, please sign the attached Form 2848, *Power of Attorney and Declaration of Representative* (OR EQUIVALENT STATE FORM), which we will use to notify the IRS that we are your authorized representative, and return a signed copy of this letter provided for the purpose of confirming the terms of our engagement.

We will represent you before the IRS (OR OTHER AGENCY) during this examination, unless either party terminates the arrangement in writing. In the event we cannot resolve all issues at the examination level, we can prepare and present an appeal of any proposed deficiency at the Appeals Division of the Internal Revenue Service, although that appeal is not part of this engagement.

We generally will not audit, or otherwise verify, information you provide for presentation to the Internal Revenue Service during the course of the examination. However, we may ask you for further clarification and expect you to provide that clarification promptly and candidly. Also, our professional standards require that we make inquiry about representations that seem unusual or inconsistent with other knowledge we have of your affairs.

Your communications with us regarding matters raised in an examination of your tax returns are “confidential,” not “privileged.” That means, in most cases our communications cannot be disclosed to third parties without your approval. Tax advice has limited protection from disclosure to the Internal Revenue Service. On the other hand, privileged communications are not permitted to be disclosed, even in court. There is no accountant-client privilege in criminal tax matters. Accordingly, if we are served by a properly issued administrative summons compelling us to testify in court proceedings, even our confidential communications are subject to disclosure, except in the limited circumstance of tax advice. In the event we are served with a summons regarding your affairs we will immediately contact your legal counsel so that your rights can be protected.

The Internal Revenue Service has recently initiated procedures that have led to a growing number of requests by examining agents to interview the taxpayer directly. However, you have a statutory right to be represented, and *not* to meet with the examining agent (unless you are served with an enforceable administrative summons). It is in your best interest to refer any questions or other contact from a revenue agent or other tax official to us without any discussion with the tax official. While our firm is engaged as your representative, you agree that any direct contact by the IRS, or other tax officials will be promptly referred to us as your authorized representative. If you choose to appear before, or discuss this case with, a tax official against our advice, you do so at your own risk.



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Fees for our representation (plus out-of-pocket expenses) will be billed as incurred.

[OPTIONAL: We also require a retainer of \$\_\_\_\_\_, payable with your acceptance of this agreement.]

Fees and expenses are due and payable upon presentation of our invoice. Your retainer will be applied against our final billing in this matter. Our fee for representing you will be based on the skill level of the personnel engaged, results achieved, and time spent. [OPTIONAL - We estimate our fees to be \$\_\_\_\_\_ or on average \$\_\_\_\_\_ per hour.] If we have not received payment in accordance with the stated terms, we reserve the right to terminate this engagement without notice.

To affirm that this letter correctly summarizes your understanding of the terms of our engagement, please sign and return one copy in the enclosed envelope.

Thanks for your confidence in our firm.

Sincerely,  
SPECIALIST ECONOMIC ADVISORS

\_\_\_\_\_  
ACCOUNTANT IN CHARGE

Accepted By: \_\_\_\_\_

Title \_\_\_\_\_

Date: \_\_\_\_\_