

To: **Sabrina Higby, EA & Associates**

I have engaged your firm to prepare my Individual (1040) Federal and California income tax returns for the year ended December 31, 2008. I understand that it is my responsibility to provide you with all of the information required to complete my tax return. In that regard I state that, to the best of my knowledge and belief:

1. I have provided true, correct, and complete information including all relevant facts regarding my taxable and non-taxable income as listed on the attached Forms W-2, 1099 and/or attached written summaries. I understand that it is my responsibility to provide all the information necessary to complete the returns.
2. I have provided true, correct and complete information regarding amounts I have provided to you to claim as tax deductions, and have maintained written documentation supporting all amounts, including logbooks and receipts.
3. I understand that if a question arises regarding the interpretation of tax law, and a conflict exists between the tax authorities' interpretation of the law, and other supportable positions, that you will use your professional judgment in resolving the issues. These instances will be discussed with you. We are required by law to disclose and position on a return for which there is a reasonable probability of challenge.
4. I understand that taxing authorities may examine the returns, that documentation should be retained to support the information provided to you, especially business travel & entertainment deductions, business use % of autos and other assets, barter activities, and charitable contributions, and that penalties may be imposed on returns that are late, underpaid or incorrect. I will retain for 7 years all the documents, receipts, cancelled checks and other records required to substantiate the items of income and expense claimed on my return. You will return all the original source documents provided to me. You routinely scan and keep copies of some supporting documents, but I understand that you are not the custodian of my records, and I cannot rely upon you to maintain support for your tax return: that is my responsibility.
5. I understand that you will not audit or otherwise verify any information, that you may require clarification or additional information, that you are not responsible for disallowance of doubtful deductions or inadequately supported documentation, nor the inclusion of additional unreported income or any resulting taxes, penalties or interest.
6. ***I understand that I will be charged an additional fee if you are asked to assist or represent me in a tax examination or inquiry.*** I understand that, in the event of preparer error, I am responsible for additional tax that may be due, but that the extent of your responsibility is to pay for any penalty that the IRS or the above state revenue department may assess. Penalties on underpayment, late filing or failure to file on time and interest on unpaid tax are my responsibility.
7. I will contact you immediately if I discover additional information that will lead to a change in my return, or if I receive any letters from the IRS or state taxing authorities. Additional work required, including responding to any inquiries from tax authorities, amending returns or audit work will be billed at your regular hourly rates.
8. I understand that your policy is to put all tax advice in writing, and that I will not rely upon any unwritten advice because it may be tentative, incomplete, or not fully reviewed. IRS says that any advice which I receive from you, either in writing or orally, cannot be used as a defense against the assessment of a penalty.
9. I understand that your bill will be due and payable upon completion of these returns, and that additional services will not be performed until the bill for these services is paid in full. I understand that your bill will be based upon the forms that are necessary to complete the returns.
10. I understand that Federal and/or state returns will not be submitted electronically to the IRS and FTB until both the taxpayer and spouse (if applicable) have authorized you to do so by signing Form 8879 and tax preparation fees have been paid in full. I promise to review the returns carefully before signing and submitting form 8879 to you. Additionally, in the event that my return cannot be e-filed, I will be provided a paper filing copy and will review the returns carefully before signing and submitting.
11. I understand that you will not file any Federal or state tax extensions without my specific written request to do so.

