

# Prepaid Audit Agreement 2023

This agreement is between Juda Kallus, EA and \_\_\_\_\_  
for **Prepaid Audit Coverage**. This agreement covers **Federal Form 1040** and all it's attached  
schedules and forms, as well as the following state returns:

## RESIDENT FORMS

**NY** FORM IT-201

**NJ** FORM 1040

**MA** FORM 1

**CA** FORM 540

**NYC** FORM NYC 202

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## NON-RESIDENT

**NY** FORM IT-203NR

**NJ** FORM 1040NR

**CT** FORM CT-1040NR/PY

**CA** FORM 540NR

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**Under this agreement Juda Kallus, EA agrees to provide audit support in accordance with the level of service paid for by the client. Juda Kallus, EA and the client agree on the following items:**

1. Meet client and plan audit strategy. Define necessary supporting schedules and documentation.
2. Assist client in preparing documentation and schedules for audit.
3. Prepare power of attorney form and contact IRS to schedule appointment for audit.
4. Represent client in audit with the taxing authorities.
5. Appeal audit results with auditor's supervision.
6. Appeal results of audit up to the conference level of the IRS Appeal process, if deemed reasonable prospect of success.
7. Prepare amended State and Local Tax Returns, if needed to conform with IRS audit results.
8. Juda Kallus, EA is not to be held liable for any tax, penalty or interest resulting from audit examination. Juda Kallus, EA will pay penalties, but not the tax or interest, applicable to any errors made by Juda Kallus, EA in preparation of the original tax return.
9. The client states that before signing the original tax returns, he/she/they will review them to verify that the information contained is true, complete and accurate and was derived from information provided to Juda Kallus, EA and his staff by the client.
10. The client states that he/she/they reported all income, 1099s and W-2s and understands that sometimes these documents do not reach the recipient but always reach the IRS. This agreement is not applicable if income is left out of the tax return.
11. The client states that he/she/they have been advised to keep all records which will support and verify the deductions claimed on their tax returns.
12. The client states that he/she/they have received complete copies of the tax return and will retain them for as long as necessary.
13. The client agrees that after filing the tax return, if additional information becomes available to them impacting the filed tax return, he/she/they will notify Juda Kallus, EA promptly. If it is deemed that amended tax returns are necessary, Juda Kallus, EA will prepare these tax returns for an additional fee.
14. The client agrees to forward to Juda Kallus, EA all correspondence received from the IRS or other taxing authorities within 10 days.
15. The client agrees to promptly review, sign and mail to the IRS, any letters prepared by Juda Kallus, EA on behalf of the client.
16. In the event of an audit the client agrees to actively and promptly participate and make available, in an organized fashion, supporting schedules and documents.

CLIENT(S) Signature \_\_\_\_\_

Date \_\_\_\_\_

Fee: \_\_\_\_\_

# Prepaid Audit Fees

## Prepaid Audit Agreement

IRS tax audits are stressful and distressful events. In most instances taxpayers lives are put on hold while they devote their full attention and energy to prepare for this event. In addition, taxpayers must often incur costly audit representation expenses which, when added to the additional taxes that are assessed by the IRS and the state taxing authority, could be disastrous to your financial health. With this in mind, we developed a Prepaid Audit Service designed to remove the financial burden of audit representation costs. Our plan is to offer the following coverage:

We will cover any correspondence in response to an inquiry by any taxing authority for which a tax return was prepared by us.

We will cover assistance in preparation for an audit and representation services at IRS and State offices, and at our or your office. We will also cover costs for amended return preparation services which are often required after an audit. This agreement does not cover any assistance in dealing with any taxing jurisdiction for which a tax return was not filed.

### How to Compute Your Prepaid Audit Fees

**A** Lets say your tax preparation fee is \$400, and it includes Schedules "A" and "C"  
Your Prepaid Audit Coverage fee is:  
(\$400 X 25%).....\$100

**B** If you live outside the NY Metropolitan area,  
.....your Prepaid Audit Coverage fee will not cover .....travel, transportation and lodging.

**However these expenses may not be necessary. In the past we handled out-of-town audits via mail and telephone or transferred it to NY.**

## Audit Coverage Fees

as a percentage of your tax preparation fee

If your tax return consists of Form 1040, Resident State tax returns plus....

	<b>Prepaid Audit Rates</b>
Schedule A or B	15%
A + B	20%
A + B + C	25%
A + C	25%
A + D	25%
A + E	25%
A + B + C, or (D) or (E)	25%
A + B + C + (D) or (E)	30%
C	22.5%
C + D	25%
2 (two) Cs	30%
C + E	30%
A + B + 2Cs, + E	40%
A, B, C + D	35%
A, C + E	30%
A, B, C + E	35%
A, B, C, D + E	40%
Non Resident Tax Returns	5% each state

### Additional Coverage

Tax returns consisting of supporting travel expense schedules, foreign or domestic, numerous stock or mutual fund transactions or other complexities will be covered at an additional 5%