

# DENVER TAX GROUP, LLC

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## AUDIT DEFENSE COVERAGE AGREEMENT – BUSINESS FILERS

DENVER TAX GROUP, LLC (“DTG”) will provide the audit defense services for the tax return identified on the Income Tax Preparation Agreement in return for the applicable fee and compliance with all applicable terms of this Agreement and the Income Tax Preparation Agreement which is hereby incorporated into this Agreement by reference.

### 1. CLARIFICATION OF TERMS

In this agreement, “you” and “your” refer to the Clients shown on the Tax Preparation Agreement. “We,” “us” and “DTG” refer to DENVER TAX GROUP, LLC, the company providing audit defense services. “IRS” refers to the Internal Revenue Service and “State” refers to your state income tax agency.

**Audit:** Audit means any communication, including telephone calls, initiated by the IRS or State income tax agency that wishes to audit, examine, review, investigate or verify any item or items on the IRS income tax forms and State equivalent listed on the Tax Preparation Agreement.

### 2. SCOPE OF SERVICES

**Audit Defense:** Audit Defense means that DTG will defend you through the completion of any income tax audit for the tax year return identified on the Tax Preparation Agreement. Audit notification must be dated after the acceptance date listed on the Tax Preparation Agreement, subject to the limitations and exclusions listed in this Agreement and the Tax Preparation Agreement. Audit Defense also includes:

- a. Handle all communications, including letters and/or telephone calls with the IRS or State regarding the audit;
- b. Assign the Audit Representative to manage your case;
- c. Develop a strategy with you and meet with the IRS or State on your behalf;
- d. Negotiate with the IRS or State through Appeals and pre-litigation Appeals review prior to DTG in Tax Court;
- e. No settlement will be reached with the IRS or State without your final approval and consent;
- f. Two hours of collection assistance will be given if your audit results in additional tax due.

**Acceptance Date:** Acceptance Date is the date you sign this Agreement and the Tax Preparation Agreement, which must be signed at the same time, and payment in full. Your Acceptance Date is the date that you sign this Agreement and identified below.

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Statute of Limitations: Statute of Limitations means the time the IRS or State has to audit your tax return. The Statute of Limitations for the IRS is three years from the date of filing or the due date, whichever is later, and is typically four years for States.

Period of Coverage: Period of Coverage is the period commencing with the Acceptance Date and ending with the expiration of the normal statute of limitations period.

Audit Representative: Audit Representative means your DTG audit representative who will be assigned to your audit case. This individual will generally be assigned to you according to their area of expertise, subject only to DTG's experience with each representative in actual past audits.

### 3. CONFIDENTIALITY

As a Client of DTG, your name, address, and any other personal information will not be disclosed or sold to any persons or firms. Only DTG's Audit and Technical staff will have access to your tax information.

### 4. DISCLAIMER OF WARRANTY

Clients acknowledges that DTG has not made any warranties or representations as to the success of Clients' claims and/or defenses with regard to the audit, and any expressions made by any member of DTG's staff relative thereto are that member's personal opinion only.

### 5. CLIENTS BENEFITS

Audit Defense - DENVER TAX GROUP, LLC, will professionally defend a covered income tax audit from the time of the first notice to its completion, subject to the Audit Defense Coverage Limitations and Exclusions described herein. This includes any audit that arises during the period of Coverage as defined on the Tax Preparation Agreement. All scheduling of appointments, telephone calls and correspondence will be handled by the assigned audit representative. We will meet with the auditor on your behalf and will defend you through the highest level of appeals, if necessary.

Assistance with IRS and State Income Tax Notices – DENVER TAX GROUP, LLC, will assist the Clients to resolve any notice received for the tax return listed on the Tax Preparation Agreement during the period of Coverage.

### 6. CLIENTS OBLIGATIONS

Our Responsibility: We are responsible to provide you with professional audit defense services.

Your Responsibility: You are responsible to perform or provide the following:

- a. Upon receipt of any communication from the IRS or State, promptly call DTG first at (303) 333-0363. **Do not contact the IRS or State Taxing Authorities.** To ensure effective service regarding your audit, you must use your assigned DTG Audit Representative as your only contact with the IRS or State. If you do not contact DTG

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within (5) five calendar days of the date of the first notice, additional charges shall apply. If you wait too long you will impede our ability to defend your case.

- b. Provide your signature on the attached and required IRS or State Power of Attorney. This will enable your Audit Representative to communicate with the IRS or State on your behalf.
- c. Provide the information and documentation necessary to substantiate the various items of income and expenses in question so that your Audit Representative can prepare your defense.
- d. We ask that you comply with the audit procedure and strategy actions recommended by DENVER TAX GROUP, LLC, and any of the Audit Representatives working on your behalf. If you are unable to maintain this commitment, DENVER TAX GROUP, LLC, cannot be responsible for the outcome of your audit and reserves the right to immediately cease providing service where reasonably warranted as determined solely by DTG.

#### 7. AUDIT DEFENSE COVERAGE LIMITATIONS

DENVER TAX GROUP, LLC, is dedicated solely to legitimately protecting the rights and assets of our Clients in the event of an audit. The following defines our service limitations:

- DTG does not provide legal assistance, nor represent our Clients in federal or state court, including Tax Court.
- DTG does not provide legal assistance in defending issues of civil or criminal fraud.
- DTG will not reconcile checkbooks, organize records or do record keeping or bookkeeping of any kind for our Clients pursuant to any audit, unless requested to do so and for which you agree to pay DTG's then current hourly rate, and which will require a separate and executed contract prior to any of these services performed by DTG.
- DTG does not provide assistance for collection notices when we did not defend the audit. If you have a collection notice from the IRS or State it is not considered an audit or notice and is not covered by your DTG Audit Defense Coverage.

#### 8. AUDIT DEFENSE COVERAGE EXCLUSIONS

Certain audits, tax returns, and issues of audit may be excluded from the Audit Defense Coverage for any of the following reasons:

Pre-existing conditions - If the date on the notice of audit from the IRS or State is prior to the Acceptance Date of this Agreement, audit defense services for that audit are excluded.

Ownership interest in other tax entities - If you have an ownership interest in a Corporation, Partnership, LLC, LLP, Trust, Estate, or Tax Shelter that has been contacted for an audit and is not a DTG Client, audit defense services are excluded for that tax entity.

Late or delinquent filers - If a tax return was filed later than its initial due date including extensions, then DTG's audit defense for that tax return is excluded. For example: a 2008 Form 1040 tax return originally due 04/15/2009 can be formally extended until 10/15/2009 and must be filed by 10/15/2009 to have audit defense services. An additional one time fee may be paid to

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eliminate the exclusion for any year that was filed after the period described above. If a fee has been paid to include audit services for a normally excluded year, that year will be listed on the Tax Preparation Agreement. If not, please call (303) 333-0363 to add this service.

Tax protestors - DENVER TAX GROUP, LLC, will exclude anyone protesting the taxing of income on economic, religious, legal or constitutional grounds, or other frivolous claims as solely determined by DTG.

Criminal Investigation (CI) - If you are currently under investigation by CI, you are excluded from audit services. For any audit that DTG is defending in which CI enters the audit, DTG will immediately cease working that audit and will exclude the Clients from further audit service until completion of the CI investigation. When the CI investigation is completed, DTG will resume working on the audit.

Other taxes - Your Audit Defense Coverage is limited to the type of income tax return listed on the Tax Preparation Agreement. Payroll tax, sales tax, property tax, gross receipts tax, city and local tax, estate and gift tax, and compliance audits of pension and profit sharing plans are excluded from the Audit Defense Coverage.

#### 9. OTHER PROVISIONS

In the event our fees remain unpaid for more than (15) fifteen days, we reserve the right to immediately discontinue our work on your account. Your continued nonpayment of fees acknowledges your responsibility for any additional taxes, penalties, interest or other costs associated with the audit process.

This Agreement shall be governed by the laws of the State of Colorado, without regard to conflicts of law provisions.

This Agreement, along with the Tax Preparation Services Agreement, and any Supplemental Agreements attached hereto, is the entire and exclusive agreement between the Parties, and it supersedes all previous communications, representations or agreements, either oral or written, between them with respect to this subject matter. No representations or statements of any kind made by DTG, any affiliate of DTG, which are not included in this Agreement, shall be binding on DTG or its affiliates.

The Parties hereto acknowledge that facsimile signatures on this Agreement shall be of the same force and effect as original signatures and this Agreement may be signed in counter parts.

Clients acknowledge that they have read this Agreement and fully understand its terms. Clients further acknowledge the receipt of a fully signed copy of this Agreement.

*[Remainder of page intentionally left blank]*

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**READ, UNDERSTOOD, AND AGREED**

DENVER TAX GROUP, LLC:

CLIENTS:

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

Its: \_\_\_\_\_

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

\_\_\_\_\_

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

\_\_\_\_\_

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