# Boilerplate Paragraphs for Engagement Letters

## Lien release to facilitate collection

We will request the release of the Federal Tax Lien filed against your property by the Internal Revenue Service. We will argue that the release will facilitate the collection of the liability to the fullest extent possible. Note that the IRS is generally reluctant to release liens once filed, and we make no express or implied guarantee of success.

## Levy release based on economic hardship

We will request the release of the IRS levy filed by the Internal Revenue Service. We will argue that the levy is creating undue economic hardship and that release will facilitate the collection of the liability to the fullest extent possible. Even when successful, levy release may only be a partial release. While we will make a serious effort to release the levy, we make no express or implied warranty of success.

## 8821 and 2848 signed and start of engagement – phase 1

You have signed Form 8821 authorizing us to obtain information from the IRS regarding your tax matters. You have also signed Form 2848 authorizing us to represent you and act on your behalf with the IRS. Form 8821 will be filed with the IRS upon commencing the investigation phase. Form 2848 will be filed only upon the commencement of the implementation phase. Filing Form 2848 initiates our responsibility to represent you and act on your behalf.

## Investigative phase description – phase 1

This engagement letter covers the initial investigation of your tax matter. A separate engagement letter will be issued upon completion of the investigation stage describing the terms of the implementation phase. The implementation letter will include a separate fee for that phase.

## Analysis completed implementation phase description – phase 2

We have analyzed your current tax situation by reviewing the documents presented. We have prepared and will file IRS Form 2848 (Power of Attorney) upon receipt of this engagement letter and related payment. Our analysis has concluded that you appear to be a candidate for an Offer in Compromise, an Installment Agreement, a Partial Pay Installment Agreement, Currently Not Collectible status or Innocent Spouse Relief. ADD, CHANGE and DELETE services as appropriate.

## Implementation fees and 2848 submission – phase 2

This engagement letter covers the implementation phase of your tax matter. The fee for the implementation phase is in addition to the fees paid for the investigation phase, which was covered in our earlier engagement letter. Upon acceptance of *this* letter, we will file Form 2828 and commence the implementation phase. Filing Form 2848 initiates our responsibility to represent you and act on your behalf.

## Structured Fee arrangement

The retainer for the phase 1 representation services described herein (excluding the tax preparation services) is $nnnn, which is to be paid at $nnn per month for three consecutive months.

The tax preparation fees are estimated to be $nnn per year for each of the five years, 20nn-20nn. INSERT CORRECT YEARS The total of the tax preparation fees is $nnnn, which is to be paid over three consecutive months commencing <insert start date>.

The retainer and tax preparation fees are to be paid concurrently. The concurrent payments will equal $nnn per month over the next three months. Note that the retainer covers preparing and reviewing IRS Form 433-A or 433-A(OIC) to determine an appropriate resolution. Missing an agreed monthly payment will result in an immediate suspension of services and, at our option, withdrawal from your case. There will be a separate fee and engagement letter to implement the recommended solution.

## Freedom of Information Act/Disclosure Request – Individual Master Files

We will contact the Internal Revenue Service under the Freedom of Information Act and disclosure rules to obtain a copy of your Master File for the tax year(s) 20nn, 20nn, 20nn, 20nn, 20nn, 20nn, 20nn, and 20nn. You have advised that there are no tax issues pre-dating 20nn.

## Appeals added fee

Should your case require filing for and representing you at an IRS or NYS Appeals Division Hearing, there will be added fees to cover that portion of your representation.

## Installment Agreement – Payroll taxes

We will attempt to negotiate an acceptable payment plan with the Internal Revenue Service and [State Name] Department of Taxation & Finance for past due withholding taxes for 03/31/20nn, 06/30/20nn, 09/30/20nn, 12/31/20nn, 03/31/20nn, 06/30/20nn and 09/30/20nn. We will request a payment plan at $n,nnn and $nnn per month respectively.

## State Unemployment Insurance

We will attempt to negotiate an acceptable payment plan with the [State Name] Department of Labor for past due Unemployment Insurance tax for the final payment due on your prior agreement in the amount of $nnnnn plus the balances due for the second and third quarters of 20nn. We will request a payment plan at $nnnn per month.

## Defaulted fee arrangement restarted

We require payment of the previous unpaid balance of $nnnn plus a new retainer of $nnnn for a total of $nnnn. The cessation of the prior engagement renders the Form 433A (OIC) to be outdated, which means it cannot be submitted as IRS rules require all data to be current. We will bill for any additional services as the work progresses.

## Travel

On any occasion that we deem travel is appropriate from our offices in [My City] to your location in [Taxpayer’s City], you will be responsible for the out-of-pocket costs for travel, meals, incidentals, or lodging expenses incurred. Travel time will be billed at 20% the individuals’ normal billing rate portal to portal.

## Audit Reconsideration

I am writing to confirm our engagement to represent you before the Internal Revenue Service relative to the federal tax lien that has been filed for calendar year 20nn. Please be advised that audit reconsideration is a slow-moving process within Internal Revenue Service.

We are seeking the reconsideration based upon the failure of your former representative to appear at the scheduled audit on your behalf. His failure to appear is one of the basic criteria that permits audit reconsideration. Therefore, we are reasonably confident that we will be able to reopen the 20nn tax year and provide the documentation you have gathered and are gathering for our use in this examination procedure.

By the way of clarification, your deductions were disallowed in their entirety as your former representative failed to appear and present the substantiation requested by the IRS. Per our conversation you will be able to provide the necessary documentation that will allow a substantial reduction in the assessment that is the basis for the existing federal tax lien. That said, be advised that the IRS may still disallow any deductions you are unable to substantiate.

## Assigned Personnel

Our standard procedure is to advise you of the personnel assigned to your case to wit:

Mr. Lawler will be in charge of your case. In addition to Mr. Lawler, Mr. LG Brooks will provide additional support as needed. Vicki Hermann will be assigned as a staff support person. Mr. Lawler is a Certified Public Accountant, an Enrolled Agent, and a Certified Tax Resolution Specialist. Mr. Brooks is an Enrolled Agent and a Certified Tax Resolution Specialist. Mrs. Hermann is an Enrolled Agent.

## Two stage explanation

Engagements are generally handled in two stages. This letter describes the terms of the first stage of your engagement. The first stage includes investigation, evaluation, and recommendation. The second stage includes the implementation of the recommendations made in stage one.

## Permission to contact or discuss with others

By your signature on this engagement letter, you both agree that:

Mr. Lawler, Mr. Brooks, or Mrs. Hermann may contact you for information, and

They may discuss your case with Mr. xxxx ZZZZTop Accounting or your prior representative from the Oldies and Goodies Tax Firm, and

## Negotiate with IRS

May negotiate with the Internal Revenue Service on your behalf. Note that we will not commit you to any action without your express approval.

## Travel Expense Billing

Should travel be mandated we will bill costs without markup, which you will reimburse within ten days of billing. Professional time for travel days is billed at half of the standard rates of the person traveling. Currently, we do not expect travel will be required and will secure your advance approval should the need arise. Travel is never included in our quoted fees.

## Penalty Abatement

We will attempt to negotiate with the Internal Revenue Service and have them abate penalties assessed based on the reasonable cause explanation(s) you provide for income taxes for 20nn and 20nn. Such ability to negotiate abatement is based upon the acceptable reasonable cause explanations you provide to us.

## FTF Reasonable Cause

This letter is a request that IRS abate a Failure-to-File (FTF) penalty that has been assessed where reasonable cause exists. The responsible persons used ordinary business care and prudence but were nonetheless unable to timely file forms FORM NAMES/NUMBERS. They cured the failure as soon as they became aware of it and have otherwise been compliant in all prior and subsequent periods. Penalty relief based on reasonable cause is warranted. As described below the reasonable cause involves death, serious illness, incapacitation, and unavoidable absence.

This request relies upon the conditions enumerated in IRM 20.1.1.3.2.2.1 and the conforming conditions the taxpayer faced during the instant period.

The officers responsible for administering the affairs of the taxpayer entity (XYZ) exercised ordinary business care and prudence, but due to circumstances and events beyond their control, they were unable to file timely. They could not have anticipated the events that caused the non-compliance, which were: COMPLETE THE STORY

CLOSING PPGs. We believe the above explanation constitutes ***reasonable cause*** under the law. The taxpayer continued to attempt to meet the requirements, even though late. The length of time between the event cited as a reason for the noncompliance and subsequent compliance was not significant considering the circumstances and the effect of Covid-19. The taxpayer timely corrected noncompliant behavior immediately upon understanding the problem. In preceding tax years, the same penalty has not been assessed. The taxpayer's overall compliance history is excellent. The taxpayer is entitled to relief from the penalty.

REFERENCE TO AFFIDAVIT with JURAT Attached hereto is an affidavit from the responsible person that under penalties of perjury, he declares to the best of his knowledge and belief, that the information contained in this protest is true, correct, and complete. Should you require any further documentation that we can provide please advise us at your convenience.

REQUEST NOTIFICATION Please follow appropriate procedures for abating the penalty and notify me within thirty (30) days of the date of this letter as provided for by IRS Policy 21-3 and IRM 21.3.3.3.4.

## Sample Letter

Internal Revenue Service Center

PO Box 742562

Cincinnati, OH 45280-2562

Attention: Customer Account Services

Re: FILL IN NAME(S) - SSN nnn-nn-nnnn

IRS:

This letter transmits an IRS Form 843 Claim for Abatement requesting that you abate a failure to file penalty (FTF) that has been assessed where reasonable cause exists. Penalty relief based on reasonable cause is warranted in this case.

The taxpayer, FILL IN NAME(S), WHAT HAPPENED, but due to circumstances or events beyond the taxpayer’s control, he was unable to file timely. The taxpayer could not have anticipated the event that caused the non-compliance, as explained here and on Line 7 of Form 843:

INSERT THE LIMITING CIRCUMSTANCES HERE

The above explanation constitutes ***reasonable cause*** under the law. The taxpayer continued to attempt to meet the requirements, even though late. The length of time between the event cited as a reason for the noncompliance and subsequent compliance was not significant. The taxpayer did not fail to timely correct noncompliant behavior. The taxpayer is entitled to relief from the penalty.

Please follow appropriate procedures for abating the penalty and notify me within thirty (30) days of the date of this letter as provided for by IRS Policy 21-3.

Sample case edits…

The taxpayer, NAME, suffered a debilitating heart attack brought on by being in an auto accident where a drunk driver broadsided his vehicle. Therefore, due to circumstances or events beyond the taxpayer’s control, he was unable to file in a timely manner. He was incapacitated from January through November 2022. He was unable to work and under medical care during this period. The taxpayer could not have anticipated the event that caused the non-compliance, as explained here and on Line 7 of Form 843:

## Our standard procedure is to advise you of the personnel assigned to your case to wit:

Mr. Lawler will be in charge of your case. In addition to Mr. Lawler, Mr. LG Brooks / Angelene Wierzic will provide additional support as needed. Elizabeth Wildt / Vicki Hermann will be assigned as a staff support person. Mr. Lawler is a Certified Public Accountant, an Enrolled Agent, and a Certified Tax Resolution Specialist. Mr. Brooks / Ms. Wierzbic is an Enrolled Agent and a Certified Tax Resolution Specialist. Elizabeth / Vicki is an Enrolled Agent.

## Services we are responsible for

We are responsible only for the services contained in this agreement. This engagement agreement does not include responding to unrelated inquiries or other taxing authority issues. However, we may be available to represent you under a separate agreement for such services at our standard rates.

## Fees and conditions – contingent fee for penalty abatement

Our fees for this work will be based on the complexity of your case. We require an up-front payment in the amount of $nn,000 to commence work on this matter. In addition to the noted upfront payment, we will also be entitled to 10% of the abated penalty.

Billing for the 10% of abated penalty will be rendered after the IRS has decided on our request. The penalty amount of $nnn,nnn is the basis for determining the amount of penalty saved. Note that the basis figure is shown on IRS notice CP 215 dated (MONTH DAY YEAR). Therefore, it is conceivable that the basis figure will be greater due to accruals between that date and the date we are engaged.

You hereby warrant that payment for the percentage of savings will be remitted within 10 days of receiving our bill. Failure to make timely payment would render you responsible for any court costs, legal fees, and any costs associated with the collection of unpaid fees. We will not be liable for any adverse action that occurs while you are in breach of this contract.

If we do not receive payment in accordance with the stated terms, we reserve the right to terminate this engagement without notice. To accept the terms and commence our engagement it is necessary to sign and return a copy of this engagement letter along with the upfront payment in the amount of $n,000.