

AUDIT

CONFIDENCE PROGRAM

WHY CONSIDER IT?

Tax notices and audits from the IRS and state authorities are increasingly frequent. Each year the IRS issues roughly 170 million notices to individual taxpayers and 40 million notices to business owners. Many of these notices concern requests for more information, mismatched data, or necessary changes to returns. Furthermore, the IRS closed 505,514 audits in 2024. Many states aggressively pursue revenue through similar means.

Taxing agencies can be incorrect or lack necessary information to approve a return as filed. Alternatively, information they receive from third parties may not align with the taxpayer's submission. While sending a letter is inexpensive for the agency, resolving the matter can be significantly costly for the taxpayer, even if the return was initially filed correctly.

IRS notices and audits can be unsettling. Freedom Tax & Books offers assistance through our *optional* Audit Confidence Program.

This program is comparable to car insurance, offering *peace of mind* for potential stressful and expensive situations a taxpayer or business owner could find themselves in through no fault of their own.

STANDARD HOURLY RATES

- Reviewing and preparing correspondence: \$125 / hour
- EA/CPA representation: up to \$250 hour, plus expenses

Audit costs can range from \$250 for a simple paper reply to thousands of dollars for more complex issues.

WHAT DOES IT COST?

The fee for the Audit Confidence Program is based on a form 1040 income tax return and any additional schedules:

- Base fee: \$75
- Add \$50 for any and each Schedule C, Schedule E, Schedule F.

WHAT IS COVERED?

Under this agreement, Freedom Tax & Books will provide audit support. You acknowledge that this agreement covers only notices and audits pertaining to personal income tax returns prepared by Freedom Tax & Books for the tax year in which the fee was charged. The program does not cover notices received for other tax periods, other taxpayers or dependents, or those dated or received before the date this agreement was executed.

Freedom Tax & Books will perform up to 10 hours of the following services for notices or audits for the covered tax return:

1. Meeting with the client to define the audit strategy. Defining necessary schedules, and supporting documentation.
2. Helping the client prepare documentation and schedules for the audit.
3. Preparing the Power of Attorney form and contacting the IRS to schedule an audit appointment.
4. Representing the client before the taxing authorities during the audit.
5. Appealing the audit results with auditor's supervision.
6. Appealing results up to the conference level of the IRS Appeals process, provided there is a reasonable chance of success.
7. Preparing necessary amended state and local returns to align with the IRS audit findings.

WHAT IS NOT COVERED?

- Notices for other tax periods.
- Notices concerning other taxpayers or dependents.
- Notices received or dated prior to the date this agreement is signed.
- Payment of any resulting tax, penalties, or interest due to the taxing authorities.

What if Freedom Tax & Books made an error?

Freedom Tax & Books addresses penalties resulting from a Freedom Tax & Books error regardless of enrollment in the Audit Confidence Program. Freedom Tax & Books will initially request penalty abatement and, if denied, will cover the cost of the resulting penalties.

ELIGIBILITY

- Not all taxpayers or personal income tax returns are eligible for the program.
- If a return is ineligible, the client will not be enrolled, and a fee will not be included on the final invoice despite electing to participate on the questionnaire.
- Late filed returns without a timely and accurate extension request, or filed after the extension expires, are ineligible for the Audit Confidence Program.
- If you elect to participate in the Audit Confidence Program but your return is ineligible, we will discuss the details with you.

CLIENT RESPONSIBILITIES

THE FOLLOWING OBLIGATIONS ARE REQUIRED:

2. **Verification:** Before signing the original tax returns, you must review them to confirm the information is true, complete, accurate, and derived from the data they provided to Freedom Tax & Books.
3. **Income Reporting:** You must confirm that you reported all income, 1099s, and W-2s, and they understand that while they may not always receive these documents, the IRS always does.
4. **Record Keeping:** You acknowledge and agree to keep all records supporting the claimed deductions on your returns.
5. **Tax Return Copies:** You confirm receipt of complete copies of the tax return and agree to retain them as necessary.
6. **New Information:** After filing, you agree to promptly notify Freedom Tax & Books if any additional information becomes available that impacts the filed return. If an amended return is necessary, Freedom Tax & Books will prepare it for an additional fee.
7. **Correspondence Forwarding:** You must forward all correspondence received from the IRS or other taxing authorities to Freedom Tax & Books within 10 days of receipt.
1. **Mailing Documents:** If instructed by Freedom Tax & Books, you agree to promptly review, sign, and mail any letters Freedom Tax & Books prepares on your behalf to the IRS.
8. **Audit Participation:** In case of an audit, you agree to actively and promptly participate and make organized supporting schedules and documents available.