

Audit Assistance and Representation Policy

American Expat Tax Services (AET) has a large variety of clients with many complex, multi-layered tax situations and are usually subject to tax in more than one country. **While an engagement with AET to prepare tax and information returns does not include any services other than the preparation of those returns**, most of our clients have additional service needs. AET strives to ensure that, in addition to providing complete and accurate tax preparation, we provide our clients with education and updates on tax law and regulatory changes to enable them to make informed decisions, in addition to providing exceptional tax advisory and strategic planning services. Additional charges apply for these services.

AET clients will often require assistance responding to correspondence and requests received from the tax authorities¹ and ². Due to the complex nature of the returns that AET prepares for our clients, the possibility that the Internal Revenue Service (IRS) or Canada Revenue Agency (CRA) will correspond with a client after the filing of a tax return is very high. In order to prepare a complete and accurate return which best meets our clients' needs, most returns are prepared using various, complicated positions as allowed under a tax law, treaty or multiple allocation calculations in order to ensure only taxable income is reported on a tax return or that income is correctly calculated in multiple currencies, etc. The IRS or CRA will often send a letter to our clients stating that changes were made to a return during processing, requesting additional information be provided to support amounts reported on the return or stating there is a mismatch between the information filed on the tax return and information that the IRS or CRA have in their systems due to these positions taken on the returns.

In addition to the above correspondence, the IRS and CRA are both very behind as a result of steadily increasing workloads coupled with decreased or limited budgets, substantially reduced staffing and new staff not yet fully trained in specialized departments and the IRS has many antiquated systems. The Taxpayer Advocate Service is just one of the agencies that have highlighted³ how these issues are significantly affecting taxpayers. CRA has also been having difficulties providing acceptable service standards⁴. **Due to these conditions, the tax industry as a whole has experienced significant issues with return processing issues, errors and delays, drastically increased hold times (most callers are subject to a minimum two hour hold time if they can get in the queue at all) and an increase in courtesy disconnects due to system constraints and overloads.**

All of these situations and challenges mean that there are various needs that our clients have before and/or after we have prepared their returns or in addition to the preparation of their returns. While any errors resulting from our preparation or our software will be corrected, at no additional charge, **AET'S PREPARATION FEES ONLY COVER THE PREPARATION OF THE ACTUAL RETURNS** (additional charges apply to plan, review, consult, respond to any correspondence, questions or issues which may arise, etc.). In order to be able to provide our clients with the exceptional service they deserve, we offer Value Added Service Bundles which can be purchased in addition to tax preparation services.

Hourly Rates for Audit/Representation Services

\$810CAD/\$600USD
(minimum ½ hour charge)

¹<https://www.irs.gov/individuals/understanding-your-irs-notice-or-letter>


²<https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/about-your-tax-return/review-your-tax-return-cra.html>

³2022 Most Serious Problems - Taxpayer Advocate Service (irs.gov)

⁴Taxpayers are spending hours on hold with the CRA — despite repeated promises of faster service | CBC News

Value Added Service Bundles

***Basic and Supplemental Service Bundles are applied on a 'PER RETURN' Basis**

	<u>BASICS*</u> \$235CAD/\$175USD	<u>SUPPLEMENTAL*</u> \$500CAD/\$375USD	<u>FULL CARE</u> 40% of invoice (min \$1080CAD/\$800USD)
WORK DIRECTLY WITH THIRD PARTIES (Financial advisors, Banks, Employers, etc.)	YES (ON REQUEST)	YES (ON REQUEST)	YES (ON REQUEST)
PENDING ITEMS - REGULAR FOLLOW-UP¹	NO	YES	YES
DUE DATE REMINDERS AND AUTOMATIC US RETURN EXTENSIONS	NO	YES	YES
RESPOND TO CP75/LTR12C/CRA PROCESSING REVIEW	YES	YES	YES
FOLLOW UP RE: PROCESSING CHANGES	YES	YES	YES
RESPOND TO CRA MATCHING/CP2000 LETTER	NO	YES	YES
RESPOND TO OTHER IRS/CRA CORRESPONDENCE	NO	NO	YES
AMENDED RETURNS	NO	NO	YES
OBTAIN/REVIEW TRANSCRIPT/CRA NOTICE OF (RE)ASSESSMENT	NO	UP TO TWO	UNLIMITED
AUDIT/REPRESENTATION	NO	NO	YES (UP TO 5 HOURS)
ESTIMATED TAX/INSTALLMENT PLANNING	NO	AS REQUESTED	AS REQUESTED
OFFSEASON CONSULTATION/QUESTIONS	½ HOUR	1 HOUR	UNLIMITED

All engagements will be automatically billed the "Basics" bundle (with an option to 'Opt out'). Without purchasing one of the Value Added Service Bundles, any services provided by AET other than the preparation of the tax or information return (or follow up due to an error made by AET) will be billed at our regular hourly rates for Audit/Representation Services.

¹nagging, pestering, needling, carping, badgering, hounding - AET is not obligated to follow up for information previously requested ©