

[Date]

[Client Name]

[Client Address]

[City, State, Zip Code]

Re: S-Corporation Formation and Election Engagement

Dear [Client Name],

This letter confirms the terms and objectives of our engagement to assist with the formation of [Entity Name] and the subsequent election of S-Corporation status for federal tax purposes.

Scope of Services

We will perform the following services:

- Preparation and filing of Articles of Incorporation/Organization with the Secretary of State.
- Obtaining a Federal Employer Identification Number (EIN).
- Preparation and filing of IRS Form 2553 (Election by a Small Business Corporation).
- Drafting of initial corporate documents, including Bylaws and Organizational Minutes.

Client Responsibilities

You agree to provide all necessary information, including the names and social security numbers of all shareholders, the distribution of shares, and the designated tax year. It is your responsibility to ensure that all shareholders sign Form 2553 within the required IRS deadlines.

S-Corporation Requirements

You acknowledge that to maintain S-Corporation status, the entity must meet specific IRS criteria, including limits on the number and type of shareholders and the maintenance of a single class of stock. Failure to adhere to these rules may result in the revocation of S-Corporation status and taxation as a C-Corporation.

Fees

Our fee for these services is [Amount], plus any applicable state filing fees and out-of-pocket expenses. A retainer of [Retainer Amount] is required before work commences.

Limitation of Scope

This engagement is limited specifically to the formation and election processes. It does not include ongoing tax return preparation, payroll services, or bookkeeping unless a separate engagement letter is signed.

Please sign and return a copy of this letter to indicate your acceptance of these terms.

Sincerely,

[Your Name/Firm Name]

Accepted by:

Signature: _____

Title: _____

Date: _____