**[Date]**

**[Client Name]**

**[Client Address]**

**[Client Address]**

Re: *Agreement to Act as Partnership Representative for* ***[Client[s]]***

Dear **[Client]**:

As you should know, we are preparing the federal and state income tax returns for **[Client]** (the “LLC”) for the year ended **[Year].** You have asked that we also act as “Partnership Representative” for the LLC. This letter sets forth the terms of our agreement to act as Partnership Representative for the LLC.

**I. Partnership Representative**

The Bipartisan Budget Act of 2015 (the “Act”) made significant changes to the Internal Revenue Service’s (“IRS”) partnership audit rules effective for partnership tax years beginning in 2018. For purposes of the Act, a limited liability company taxed as a partnership, like the LLC, will be treated as a partnership, and its members will be treated as partners. One of the requirements under that Act is that a Partnership Representative must be appointed every year in the partnership’s filed tax return. If the Partnership Representative is a business entity, a Designated Individual must be identified. The Partnership Representative or Designated Individual is the only person allowed to deal with the IRS on behalf of the LLC in an audit and all related matters, such as making settlements and extending the statute of limitations. The actions of the Partnership Representative or Designated Individual are binding on the LLC and all of the LLC’s members for the years appointed.

**[Firm]** will serve as the Partnership Representative for the Form 1065 filed for **[Client]** for the year **[year].** **[Individual]** will serve as the Designated Individual of the Partnership Representative.

It is our understanding that the members of the LLC during **[year]** were: **[list members of LLC]** In this letter, the term the “Members” means, collectively, the foregoing members of the LLC during **[year]**. **[Firm]** as Partnership Representative has the sole and exclusive authority to act on behalf of the LLC and bind all members with respect to partnership matters subject to the partnership audit rules. **[Firm]** has designated **[individual]** to act as the designated individual of the Partnership Representative.

If you have any questions with respect to the legal implications of these new rules, we strongly encourage you to seek guidance from legal counsel. If you have not already done so, it may be prudent to revisit and update as appropriate your LLC agreements to address areas of concern. To ensure that **[Firm]** has the required documentation in our files to support **[Client]**’s decision as to how to apply the new partnership audit rules to your **[year]** income tax return, we request that you acknowledge by your signature below that you are not a “small partnership” under the rules and that you do not opt-out of the new partnership audit rules. The LLC has the ultimate responsibility for decisions related to the application of the new audit rules to the LLC.

By your signature below, you acknowledge that you understand and agree that neither the Partnership Representative nor the Designated Individual are part of management, and that management alone is responsible for the accuracy and completeness of the records, documents, explanations, and other information provided to us for purposes of this engagement. The LLC has final responsibility for the income tax returns, and the LLC and the Members have final responsibility for any tax, interest or penalties associated with the LLC’s activities in **[year].** Our firm and **[individual]** are not responsible for any taxing authority’s decisions, nor for any resulting taxes, penalties, or interest**.**

**II. Potential Conflicts of Interest and Waiver**

There are certain ramifications of our firm’s proposed responsibilities as Partnership Representative. Each member of the LLC has the opportunity to have its own Certified Public Accountant or legal representative review and advise you on all matters related to the services, including this letter, prior to signing the acknowledgment that this letter contains.

Acting as Partnership Representative presents certain potential conflicts of interest. The various holdings and tax positions of each member are unique and decisions undertaken as Partnership Representative may not align with positions taken by the individual members. The potential conflict of interest arises because each member’s interests could become actually adverse to one or more member’s interests in the future. Therefore, our firm must perform its services in a manner furthering the collective interests of the LLC, and cannot favor one member to the detriment of another member, and cannot negotiate on behalf of either member with the other member.

Based upon the preexisting relationship of the parties, we feel that our firm’s concurrent representation as Partnership Representative with authority to bind the members presents no actual conflict of interest and that as accountants and advisors, our firm can adequately represent interests of the LLC and its members for the tax year **[year]**.

Should an actual conflict of interest arise in the future, which cannot be resolved through the resolution mechanisms described below, our firm will promptly apprise the LLC and all members of any such actual conflict so that the LLC and the Members can jointly decide how to resolve the conflict.

By signing below, you acknowledge that (1) the potential conflict of interest has been fully disclosed to you; (2) you understand and acknowledge the potential conflict of interest as described; and (3) you consent to the concurrent representation subject to the potential conflict of interest as disclosed.

The LLC and the Members hereby acknowledge and agree that communications between **[Firm]** and the LLC and any of the Members concerning our work will be treated by us as confidential and not disclosed to anyone other than the Members or their designees without the consent of the LLC or as otherwise provided or compelled by law. The LLC and the Members all acknowledge and agree that whatever communications or information **[Firm]** receives from any one concerning the work we are to perform, it may be shared with each of you as we deem appropriate. In particular, if we receive material information about any one of the Members from one of the other Members that we believe the other should have in order to make decisions regarding their individual interests, we will give the member that information.

The LLC and the Members acknowledge and agree that there exists the possibility that a conflict of interest may arise in the course of this engagement. The LLC and the Members acknowledge and agree that in the event a conflict of interest arises regarding the engagement, which cannot be resolved through the conflict mechanism discussed below, then we may withdraw from the engagement and revoke our designation as Partnership Representative. In such event, the LLC understands that it would be responsible for designating a new Partnership Representative.

The LLCand the Members acknowledge and agree that if **[Firm]** withdraws from serving as the Partnership Representative to the LLC, that decision will not necessarily impact our ability to continue in any other client engagement. Moreover, in the unlikely event that our services become an issue in litigation between or among the Members, the Members each understand that our advice to them and our prior communications with each of them during the engagement as Partnership Representative may not be shielded from disclosure in such litigation.

Finally, the LLC and the Members understand and acknowledge that **[Firm]** is nota fiduciary of the LLC or any of the Members.

**III. Resolution of Conflicting Interests or Positions**

The LLC and the Members recognize that the interests of the Members may diverge or come into conflict as respects certain issues that could arise in the context of a partnership audit. Each of the Members represents that it intends to in good faith to endeavor to create a dispute resolution mechanism that will allow the LLC and the Members to provide us with answers to questions we may have as Partnership Representative. If we are called upon to act as Partnership Representative and either (a) a dispute resolution mechanism has not been agreed upon, or (b) we do not believe the mechanism adopted will be effective, and, therefore, we believe an actual conflict will impact our ability to effectively act as Partnership Representative, then in our sole discretion we may elect to revoke our Partnership Representative designation.

**IV. Indemnity and Advancement**

To all extents possible, the LLC and Members agree to add our firm and **[individual]** as additional insureds on any applicable insurance policies in effect that might provide a defense and indemnity for our role as Partnership Representative and Designated Individual.

To the fullest extent permitted by law, **[Firm]** and **[individual]** shall be indemnified, defended, and held harmless by the LLC and the Members for, from and against any and all losses, claims, damages, expenses (including attorneys’ fees and costs), judgment, settlements, demands, actions or suits incurred by reason of the fact that the firm acted as Partnership Representative and **[individual]** acted as Designated Individual. The LLC and the Members shall pay any expenses incurred in defending any claims, actions or suits in advance of final disposition within 30 days of presentment of proof of the expense being incurred and upon an undertaking to repay such amount if there is a final determination that indemnity was not required.

**V. General Terms of Engagement**

Our fees for the above services will be based on the time expended, plus out-of-pocket expenses, and will be billed to you monthly. **[Individual’s]** rate for these services will **[rate]** per hour, and any firm accountants or staff will be billed at standard hourly rates.

All invoices are due and payableupon presentation. Work may be suspended if your account becomes overdue and may not resume until your account is paid in full. If we elect to terminate our services for non-payment, our engagement will be deemed to have been concluded upon our providing you written notification of termination, even if we have not completed our work. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination, regardless of whether the services were completed by that point. If we stop work based on your account becoming overdue, we will not be responsible for any damages, tax, interest or penalties caused by or related to the work stoppage.

It is our policy to retain engagement documentation for a period of sevenyears, after which time we will commence the process of destroying the contents of our engagement files. Through our engagement, we may gain possession of various original records, such as bank statements, invoices, cancelled checks, etc. If you would like us to return those records to you, please so advise. We may, however, need to retain copies of such records as are necessary or prudent in accordance with our professional obligations. Our document retention policy is for **[Firm]**’s internal purposes. It is not designed to replace your responsibility to maintain, in your own records, the documentation necessary to support the positions taken in your tax return.

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted, read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, or disclosure or communication of confidential or proprietary information.

In the event we are requested by the LLC, or are required by government regulations, subpoena, or other legal process, to produce documents or our personnel as witnesses with respect to our engagements for the LLC,the LLC will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expense, as well as the fees and expenses of our counsel, incurred in responding to such requests.

Our liability relating to the performance of the services rendered under this letter is limited solely to the direct damages sustained by the LLC. In no event shall we be liable for the consequential, special, incidental or punitive loss, damages or expenses suffered by the LLC or its Members (including without limitation, lost profits, opportunity costs, etc.). Notwithstanding the foregoing, our maximum liability relating to the services rendered pursuant to this engagement shall be limited to the fees actually received by us for this engagement.

If any provision of this letter is unenforceable, the remaining provisions shall be enforced to the fullest extent possible. If any provision of this letter is deemed overbroad or unreasonable by an arbitrator, such provision shall be given effect to the maximum extent possible by narrowing or removing that aspect of the provision found overbroad or unreasonable, and enforcing the remaining portions to the fullest extent permissible under the law.

After reviewing this letter, please sign in the space designated and return it to us to confirm your receipt of this letter and your understanding of the scope, terms and conditions of this engagement. If you have any questions, do not hesitate to contact us.

We look forward to working with you and enjoying a mutually beneficial relationship.

Very truly yours,

[Insert Firm Signature}

**[Accounting Firm]**

Agreed and acknowledged:

**[Client Representative]**

**[Client Name]**