

[Date]

[Client Name]

[Client Address]

[City, State, Zip Code]

## **Re: Engagement for Payroll Processing and Compliance Services**

Dear [Client Contact Name],

This letter confirms the terms and objectives of our engagement to provide payroll processing and compliance services to [Company Name] (the "Company").

### **1. Scope of Services**

We will perform the following services for the period beginning [Start Date]:

- Calculation of gross wages, withholdings, and net pay based on data provided by you.
- Preparation of payroll registers and individual pay stubs.
- Processing of direct deposits or physical checks.
- Preparation and filing of quarterly and annual federal and state payroll tax returns (Forms 941, 940, etc.).
- Preparation and issuance of annual W-2 and 1099-NEC forms.
- Management of scheduled payroll tax deposits to the appropriate authorities.

### **2. Client Responsibilities**

The Company is responsible for:

- Providing accurate and timely employee data, hours worked, and salary adjustments.
- Maintaining sufficient funds in the designated bank account for taxes and net pay.
- Notifying us of any new hires, terminations, or changes in employee tax status.
- Final review and approval of all payroll reports and tax filings.

### **3. Professional Fees**

Our fees for these services will be [Amount] per [Pay Period/Month]. Additional filings, such as year-end W-2 processing, will be billed at a rate of [Amount] per employee/form. Invoices are due upon receipt.

### **4. Limitation of Liability**

Our work is based on the information provided by the Company. We will not audit or verify the information you provide. We are not responsible for penalties or interest resulting from late or inaccurate data provided by the Company or for insufficient funds in the Company's accounts.

## 5. Term and Termination

This engagement remains in effect until terminated by either party with [Number] days' written notice. All fees for services rendered up to the date of termination shall be due immediately.

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

Sincerely,

[Your Name/Firm Name]

[Your Title]

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### Accepted and Agreed:

Signature: \_\_\_\_\_

Name: [Client Representative Name]

Date: \_\_\_\_\_