

[Date]

[Client Name]

[Client Address]

[City, State, Zip Code]

**Re: State and Local Tax Due Diligence Services regarding the acquisition of [Target Company Name]**

Dear [Contact Person Name],

This engagement letter confirms the terms and objectives of the engagement between [Accounting/Consulting Firm Name] ("we," "us," or "our") and [Client Name] ("you" or "your") regarding the state and local tax ("SALT") due diligence of [Target Company Name] (the "Target").

## **1. Scope of Services**

We will perform a limited-scope review of the Target's state and local tax profile for the period beginning [Start Date] and ending [End Date]. Our services will include:

- Reviewing the Target's historical state income, franchise, and sales/use tax filings.
- Evaluating the Target's nexus footprint and potential unregistered filing obligations.
- Identifying material exposures related to historical tax positions or non-compliance.
- Reviewing previous state tax audit results and pending assessments.
- Assessing potential successor liability issues related to the proposed transaction.

## **2. Deliverables**

Upon completion of our review, we will provide a written report summarizing our findings, including identified material tax risks, estimated potential exposures (where quantifiable), and recommendations for mitigation or post-closing integration.

## **3. Client Responsibilities**

Our performance is dependent upon the timely provision of and access to the Target's financial records, tax returns, and management personnel. We will not audit or independently verify the accuracy of the information provided to us.

## **4. Fees**

Our fees for these services are estimated to be \$[Amount]. This estimate is based on the information currently available. Should the scope of work change or unforeseen complexities arise, we will notify you before incurring additional costs. Out-of-pocket expenses will be billed separately.

## 5. Limitations

This engagement is limited to state and local taxes only. Federal, international, or payroll taxes are excluded unless specifically requested in writing. Our report is intended solely for the use of [Client Name] and should not be relied upon by any third party.

## 6. Governing Law

This agreement shall be governed by the laws of the State of [State Name].

Please indicate your acceptance of these terms by signing below.

Sincerely,

[Your Name]  
[Your Title]  
[Firm Name]

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### Accepted and Agreed:

For [Client Name]:

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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