



November 2009

A LETTER TO EXISTING AND PROSPECTIVE E-FILE PARTNERS

It is the time of year again when the multi-billion dollar Tax Preparation/Electronic Filing Industry begins planning for the coming tax season. A variety of new tax breaks for individuals were enacted in the past year's legislation, so it will be vital to keep your clients and prospective clients fully informed. Before we mention the exciting new changes in store for electronic tax filing in 2010, let us briefly review the results of the past season:

At the national level, IRS once again enjoyed record-breaking electronic filing volume. They received 95 million tax returns electronically during the past season, a 6% increase from the previous year. About two out of every three tax returns received by IRS in 2009 were filed electronically. Seventy-eight percent of all tax returns received by IRS were issued refunds, and those refunds averaged \$2,371.00, an all-time high. Nearly two-thirds of taxpayers claiming refunds this year elected to receive their refunds by direct deposit. The fastest-growing segment of the tax preparation industry remains individuals who are preparing and (in most cases) e-filing their tax returns from their home computers: over 32 million returns were e-filed by individuals from their home computers in 2009, up nearly 20% from 2008. Still, America's reliance on tax professionals to prepare their returns has not abated – about 62% of all tax returns processed in 2009 were signed by a paid preparer.

Along with the growth in do-it-yourself tax preparation/e-file comes increasing concern about security and non-compliance: In February, the GAO recommended that the IRS increase its oversight of the consumer tax software industry, particularly in the areas of tax return accuracy, privacy, and security. Expect the major consumer tax software vendors to tone down their claims that their products circumvent the need for taxpayers to possess at least a minimal understanding of basic tax laws. We at 800-TAX REFUND, Inc. continue to provide educational tools and filing options to help taxpayers make informed decisions on how best to file their taxes during a given year, depending on their circumstances, as evidenced by the fact that we remain the only company promoted on IRS's web site that asks taxpayers...“Is Online Filing Right For You?”

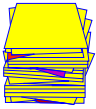
New For 2010. Faster refunds are here! Well, sort of. IRS's new CADE processing system officially goes on line February 1, 2010 with about 10% of eligible returns resulting in refunds being deposited in five business days, then gradually ramping up to 75% of eligible returns by April 15, 2010. Thus it appears that we will not be able to promote the faster refund schedule until Filing Season 2011 (Tax Year 2010) when all returns are expected to be processed through CADE for the entire season. The new CADE system will also allow us to e-file returns year-round, as well as allow us the ability to file prior-year returns electronically beginning in 2011. If your organization is still not offering IRS e-file as a filing option, the “mail it in and wait six weeks for the refund” alternative will soon be appearing rather antiquated.

As evidenced by the above-mentioned national statistics, online filing continues to be the fastest growing segment of the tax industry. In light of this trend, three years ago we developed ProTaxNet, the tax industry's first Online Filing Cooperative, as a way for practitioners to extend their services to online filers. If your organization does not have a web site or is not offering online filing as a way to connect with this growing new market segment, be sure to register today at www.protaxnet.com to have your unique ProTaxNet web site instantly created, and begin offering services and content designed to help you stay competitive. Initiatives such as ProTaxNet have enabled 800-TAX REFUND to remain one of just two companies to earn the IRS Industry Partner Award for twelve consecutive years.

Should you have any questions, please do not hesitate to call us at (330) 434-6655 or on our toll-free line.

Joel T. Dimengo, President
800-TAX REFUND, Inc.

NOTE: You must have a valid Electronic Filer Identification Number (EFIN) to use our Transmission Services.



For practitioners preparing tax returns by hand, and for practitioners preparing tax returns using a software package that does not support electronic filing, you may fax, mail, or deliver your prepared paper tax returns to 800-TAX REFUND, Inc. to have them filed electronically. Our fee is \$25.00 for data input and transmission of each accepted Federal (and accompanying State) tax return, regardless of the number of forms or schedules attached. IRS regulations permit you, as an authorized Electronic Return Originator, to charge your client whatever you wish for the e-file service.

It should be noted that the electronic filing of the State tax return is optional. Some taxpayers may wish to file only their Federal return electronically. Should the taxpayer choose to file the State return, it can "piggyback" with his or her Federal return (transmitted simultaneously with Federal) at no extra charge. State tax returns can also be filed without the Federal return -- a "standalone" State return would be billed as if it were a Federal return transmission.

Our electronic filing procedures permit you to promise your clients the fastest possible tax refunds: 9 to 15 days for direct deposit; 19 to 25 days for check by mail. Backing up these promises has been our company's distinction since we began transmitting tax returns nineteen years ago, as our guarantee clause in the enclosed Agreement attests. As a participating Electronic Filing site, we encourage you to pass on our guarantee to your clients, affording you a strategy that will distinguish your EF service from your competitor's.

Of the 95 million tax returns filed electronically during the past tax season, 32 million were prepared and filed by taxpayers using desktop software or web-based programs without the assistance of a practitioner. 800-TAX REFUND, Inc., in its role as a transmitter of already-prepared tax returns, has witnessed first-hand the errors and omissions taxpayers tend to make when preparing their own returns. As a result, we're compelled to advise taxpayers of the kinds of tax situations that are more appropriate for online filing versus those situations that call for professional assistance. Which is why we developed the ProTaxNetSM Online Filing Cooperative -- just as the online tax filing companies have their IRS-sponsored Free File Alliance, we recognize a need for the rest of the tax industry to offer taxpayers a more sensible approach to online filing.

North Carolina-based Drake Software, a 32-year tax software industry veteran, provides the live, around-the-clock, secure-server Internet functionality for our online tax filing. We partnered with Drake Software six years ago, not only because of their sparkling reputation providing over 30,000 tax firms with the tools to file over 9 million tax returns electronically in 2009, but also because of their well-designed and intuitive online filing user interface -- one of just two web-based tax filing programs that we deemed worthy of our client referrals. As evidence of the simplicity of their software design, Drake Research indicates that during a walk-through of a popular competitor's online product, it took the user 150 screens to complete one 1040 tax return with one dependent, one W-2, and a Schedule A. Compare that to the Drake online experience, which completed the same task in just 30 screens.

Our ProTaxNetSM portal provides the launch page for your patron to learn more about all the latest tax law changes via our Tax Central link, access your professionally-assisted tax services, and/or enter the online filing program. Go to www.protaxnet.com to learn more and register today.

The screenshot shows the ProTaxNet Online Filing website. The browser address bar displays <http://www.protaxnet.com>. The page header includes the ProTaxNet logo and the text "ONLINE TAX FILING recommended by tax professionals nationwide".

The main content area is titled "Only at ProTaxNet - More Filing Options" and is divided into three columns:

- Prepare and e-file your taxes yourself:** Promotes 1040.com Online Tax Preparation. Online Filing Form 1040A or Form 1040 (long) is only **\$28.95** -- Includes FREE State! **1040EZ with State is just \$12.95**.
- Let a Tax Pro do it all for you:** Let an experienced Tax Pro prepare your Federal & State tax forms and all the schedules you need. Use our **Checklist** to help get organized!
- Prepare your taxes, let a Pro file them:** Let us e-file your prepared tax return. It's checked for errors, and you'll get your refund back fast! Use our **IRS e-file Form** to get started!

Below these columns are links for "About Online Filing >" and "Is Online Filing Right For You? >".

A table titled "What You Get From ProTaxNet" lists the following:

	1040EZ	1040A	1040
	\$12.95	\$28.95	\$28.95

Additional features listed include: Privacy & Security, Guaranteed Calculations, Free Customer Support, 20+ Years IRS E-file Tax Software Development, and Professional Tax Service Options. A "Click here" button links to 1040.com to get started.

The right sidebar contains a navigation menu: F.A.Q.s, SCREENSHOTS, COMPARE US, ABOUT PROTAXNET, and CONTACT PROTAXNET. Below this is contact information for William J. Smith, EA, Able Tax Service, including the address (930 Diagonal Road, Anytown, NJ 06435), phone number (810) 692-1177, and fax number (810) 692-8342.

At the bottom, there is a "Tax Central - Topics, Forms, & More!" link, a "Recommend Site" button, and a footer with copyright information: © 2010 800-TAX REFUND, Inc. and a link to the PRIVACY POLICY.

Compare our Online Tax Filing to other popular web-based alternatives:

	800TR ProTaxNet SM	TurboTax Web TM by Intuit *	TaxCut Web TM by H&R Block *
Prep & e-file Form 1040EZ	\$12.95	FREE to \$19.95	\$14.95
Prep & e-file Form 1040A	\$28.95	\$19.95	\$14.95
Prep & e-file Form 1040	\$28.95	\$34.95 to \$74.95	\$39.95 to \$79.95
Prep & e-file State Return	FREE with Federal	\$25.95 to \$34.95	\$29.95
Professional Tax Assistance	FREE (Limited)	\$29.95	With \$39.95 and \$79.95 service
Group Incentive or Discount	\$5.00 - \$11.00 per- return referral fee	0% to 15% Discount	N/A
Toll-Free Phone Support	Yes	Yes	No
E-mail Support	Yes	Yes	Yes
Guaranteed Calculations	Yes	Yes	Yes
Cross-Promotion Embeds	RALs	RALs, Audit Protection, Desktop Software	RALs, Audit Protection, Mortgage Loans, IRAs, Bank Cards, Desktop Software
User Interface	Forms or Interview	Interview	Interview
IRS Industry Partner Award since 1997	Yes	No	Yes

* Competitor pricing last available as of September 2009 vs 2010 800-TAX REFUND prices

Getting started with 800-TAX REFUND's Electronic Filing Services for Practitioners is as easy as 1-2-3.

1. Familiarize yourself with our services:

We've built our business and our reputation making our professional tax services convenient and accessible to taxpayers all over the country. Our most popular service has been our \$35.00 **IRS e-file by FAX!**[™] for taxpayers who wish to file their already-prepared Federal tax return electronically. The service also includes free State e-file as long as the State return accompanies the Federal.

⇒ If you are a practitioner whose office **is not registered by IRS** to accept prepared tax returns from individuals for e-file, taxpayers visiting your unique ProTaxNetSM website can print and complete a special **IRS e-file by FAX!**[™] Signature Authorization that has been stamped as having originated from your site, consenting to a fee of \$35.00 payable to 800-TAX REFUND by credit card or account debit. A toll-free fax number is provided for the taxpayer to fax the return and Signature Authorization to 800-TAX REFUND, or, you may fax the information for them. No cover sheet is required to accompany the return because the Signature Authorization is machine-readable. We remit \$10.00 to your organization for each IRS e-file by FAX![™] return referred to us, payable upon completion of the tax season.

⇒ If your office **is registered by IRS** to accept prepared tax returns from taxpayers for e-file, taxpayers visiting your unique ProTaxNetSM website can print and complete the **Form 8879** e-file Signature Authorization, and are advised to simply contact your office for pricing and availability.

Taxpayers opting to use our **Online Tax Filing** pay a flat fee of \$28.95 to 800-TAX REFUND, by credit card only, for preparation and e-file of their Federal 1040A or Long Form 1040 tax returns. Form 1040EZ is \$12.95. The service also includes free State tax preparation and e-file, as long as the State return is prepared/transmitted with the Federal. We remit \$5.00 (for 1040EZ filers) or \$11.00 (for 1040A/1040 filers) to your organization for each paid Online Filing client that your organization refers, payable upon completion of the tax season.

Taxpayers who wish to have their Federal and State taxes professionally prepared will be inclined to contact your office for these services, as your contact information will be prominently displayed on the launch page of your ProTaxNetSM website, as well as stamped on the Tax Preparation Checklist we encourage taxpayers to view/print/download from your site. You may charge your client whatever you wish for your preparation services, and we expect many of them to opt for IRS e-file after you determine that they will be getting a refund.

2. Choose how your organization would like to promote our services:

Register your organization at www.protaxnet.com and the above services will be available to your users via a unique ProTaxNet website that is instantly created upon registration - receive your hyperlink via email and start promoting your ProTaxNet site. For organizations that already have a website, simply add your ProTaxNet hyperlink to your own website. Should your organization not have its own website, you can refer users to your ProTaxNet website by promoting/publishing your hyperlink through various forms of digital and print media, such as our pocket-sized 2010 Tax Guides (call for pricing).

3. Review and sign the enclosed Agreement, then mail or fax it to:

800-TAX REFUND, Inc.
942 North Main Street
Akron, OH 44310
Fax (330) 434-8130 or (800) 794-8851

AGREEMENT BETWEEN 800-TAX REFUND, INC. AND ELECTRONIC RETURN ORIGINATOR

This agreement is by and between 800-TAX REFUND, Inc., an Ohio corporation, and _____, Electronic Return Originator, hereinafter referred to as the "ERO."

DEFINITIONS.

ELECTRONIC RETURN ORIGINATOR provides the E-file Signature Authorization or Tax Preparation Authorization, on paper or in electronic format, to taxpayers for the purpose of having electronic tax returns prepared and/or transmitted by 800-TAX REFUND, Inc.

800-TAX REFUND, Inc., is a preparer and transmitter of electronic tax returns.

TAX RETURN is an individual income tax return for the calendar year ending December 31, 2009 as is required to be filed with the Internal Revenue Service, on Form 1040, Form 1040A, or Form 1040EZ, along with appurtenant schedules and attachments, including State income tax forms.

IRS is the Internal Revenue Service of the United States.

PATRON is any member, customer, client, associate, or employee of the Electronic Return Originator, or any other individual referred by the Electronic Return Originator, who uses the services of 800-TAX REFUND, Inc.

INTENT.

It is agreed by both parties that 800-TAX REFUND, Inc. shall accept individual income tax return information from the ERO or from the ERO's Patrons, beginning January 15, 2010 through April 15, 2010, for the purpose of preparing and/or transmitting tax returns to the IRS Service Centers.

SERVICES.

800-TAX REFUND, Inc. shall provide the ERO with a written procedure detailing the steps the ERO shall follow in effecting collection, transmission, and processing of tax returns by 800-TAX REFUND, Inc.

In summary, 800-TAX REFUND, Inc. shall:

1. accept individual income tax return information from the ERO or from the ERO's Patron by facsimile transmission or Internet data entry;
2. prepare said tax return within 24 hours of receipt of the tax return information, or transmit said tax return to the IRS within 24 hours of receipt of the transmission request from the ERO or the ERO's Patron;
3. forward the IRS transmission acknowledgment report by mail, facsimile, e-mail, or touch-tone phone to the ERO or the ERO's Patron.

CONTINGENCY. Performance of the above services is contingent upon the ERO or the ERO's Patron having provided individual income tax return information that is error-free and in accordance with IRS guidelines as set forth in IRS Publication 1345. If an error on an already-prepared facsimile tax return is discovered prior to transmission, then 800-TAX REFUND shall contact the ERO to advise the ERO of the error, and, in accordance with IRS Publication 1345 guidelines, may require the ERO to resubmit a revised tax return prior to transmission. Should transmission of an already-prepared facsimile tax return from the ERO result in a rejection acknowledgment from IRS, then 800-TAX REFUND shall contact the ERO to advise the ERO of the error(s) which caused rejection of said tax return, and the ERO or the ERO's Patron may resubmit a revised tax return prior to re-transmission in order to avoid forfeiting the electronic filing fee.

In summary, the ERO shall:

1. provide the E-file Signature Authorization or Tax Preparation Authorization, on paper or in electronic format, for ERO's Patron to complete for the purpose of having the Patron's tax return prepared and/or filed electronically; and
2. fax said tax return information to 800-TAX REFUND, Inc. for Patrons who choose not to fax tax return information directly to 800-TAX REFUND, Inc. or who choose not to enter data via the Internet; and
3. receive the IRS acceptance or rejection acknowledgment corresponding to said tax return(s)

The ERO is responsible for following the procedures set forth by IRS and 800-TAX REFUND, Inc., and for obtaining all necessary information and documents in order to effect the preparation and filing of the Patron's tax information.

FEES.

800-TAX REFUND, Inc. shall be paid a fee as follows for each tax return filed electronically:

PAPER TAX RETURNS FROM IRS-REGISTERED ERO : \$25.00 for each tax return filed electronically.

FAX REFERRAL RETURNS : Whenever 800-TAX REFUND, Inc. receives a fee of \$35.00 directly from the ERO's Patron for electronically filing the Patron's already-prepared tax return, it shall remit to the ERO the amount of \$10.00 for each tax return processed.

INTERNET RETURNS : Whenever 800-TAX REFUND, Inc. receives a fee of \$12.95 directly from the ERO's Patron for preparing, and optionally electronically filing, the Patron's 1040EZ tax return using 800-TAX REFUND's ProTaxNet online filing portal, it shall remit to the ERO the amount of \$5.00 for each tax return prepared. Whenever 800-TAX REFUND, Inc. receives a fee of \$28.95 directly from the ERO's Patron for preparing, and optionally electronically filing, the Patron's 1040A or 1040 tax return using 800-TAX REFUND's ProTaxNet online filing portal, it shall remit to the ERO the amount of \$11.00 for each tax return prepared.

GUARANTEE.

If the taxpayer does not receive his/her income tax refund within one (1) working day of IRS's expected direct deposit/check mailing date, then the taxpayer's tax return shall be filed electronically for free. This guarantee does not apply to delays or non-receipt of refund caused by:

1. one or more of the nine (9) conditions outlined in IRS Publication 1346 (Rev. 9-09), REFUND DELAY CONDITIONS, Section 6.01, a copy of which is attached hereto; or
2. the Patron's tax return being selected by IRS for Compliance Review or Earned Income Credit Review; or
3. a Patron-initiated, practitioner-initiated, or ERO-initiated tax return error or omission; or
4. acts of God, war, and natural catastrophes beyond the control of 800-TAX REFUND, Inc.

LIMITS OF LIABILITY.

800-TAX REFUND's liability is limited to the amount of the fee charged for transmitting the tax return. Furthermore, 800-TAX REFUND is not responsible for any consequential damages suffered by the taxpayer or the ERO as a result of the taxpayer failing to receive his/her income tax refund by the time expected. There are no consequential damages in the minds of the parties.

IN WITNESS WHEREOF the parties have executed this agreement on this _____ day of _____, 200__.

ELECTRONIC RETURN ORIGINATOR

800-TAX REFUND, Inc.

(Signature)

(Signature)

by: _____
(print Name & Title)

by: Joel T. Dimengo, President
942 North Main Street
Akron, OH 44310
Phone: (330) 434-6655
Fax: (330) 434-8130

Company Name

Address

City State Zip

Phone _____

Fax _____

E-mail _____

EFIN _____

PLEASE INDICATE YOUR SERVICE OPTION (CHECK ONE) :

I PLAN TO SUBMIT PAPER TAX RETURNS AS AN IRS-REGISTERED ERO USING MY EFIN

I PLAN TO SUBMIT PAPER TAX RETURNS AS A FAX REFERRAL SITE FOR 800-TAX REFUND, INC.

SECTION 6 - CRITERIA FOR FILER FRONT-END CHECKS

.01 Refund Delay Conditions

The following conditions may delay the refund and/or change the refund amount.

1. Taxpayer owes back taxes, either individual or business (refund offset).
2. Taxpayer owes delinquent child support (refund offset).
3. Taxpayer has certain delinquent federal debit, such as student loans, etc. (refund offset).
4. The last name and social security number of the primary taxpayer must be the same as on last year's return or the return will be delayed at least one week for re-matching. It is **strongly** suggested that you use the name as it appears on the mailing label of the tax package.
5. The Estimated Tax payments reported on the return do not match the Estimated Tax payments recorded on the IRS Master File. This generally occurs when:
 - a. The spouse made separate Estimated Tax payments and filed a joint return, or vice versa; or
 - b. The return was filed before the last Estimated Tax payment was credited to the account.
6. The taxpayer has a Schedule E claiming a deduction for a questionable tax shelter.
7. The taxpayer is claiming a blatantly unallowable deduction.
8. The taxpayer is considered to be a first-time filer. A first-time filer is defined as an taxpayer who has not filed a tax return as a primary or secondary taxpayer during the previous ten years.
9. Form 8379 Injured Spouse Allocation is attached.