



November 2011

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. Before we mention the changes in store for income tax filing in 2012, let us briefly review the results of the past tax season:

At the national level, IRS once again enjoyed record-breaking electronic filing volume. They received 110 million tax returns electronically during the past season, a 12% increase from the previous year. Eighty percent of all tax returns received by IRS in 2011 were filed electronically. Three out of every four tax returns received by IRS were issued refunds, and those refunds averaged \$2,805.00. Seventy-four percent 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: 40 million returns were e-filed by individuals from their home computers in 2011 (with fewer than 10% of those using IRS Free File), up 13% from 2010. Still, America's reliance on tax professionals to have their returns professionally prepared has not abated – 57% of all tax returns processed in 2010 (the most recent statistical year) were signed by a paid preparer.

Two factors in 2011 contributed to the double-digit percentage gains in e-file: 1) IRS stopped mailing tax booklets to households in 2011, forcing traditional paper filers to find the forms at local libraries and post offices, print the forms from the IRS website, file their taxes using a personal computer, or seek out a tax professional to prepare and/or file their taxes for them; and 2) tax professionals filing over 100 returns for their clients were required to file them electronically. Still, thirty million tax returns were mailed in on paper in 2011, and IRS intends to convert many of those returns to e-file in 2012 as it requires low-volume practitioners (filing just 10 or more returns) to file those returns electronically. Thus, we expect a large segment of paper tax return filers to be searching for experienced and reputable tax professionals and online filing providers this coming tax season, many of them for the first time. We at 800-TAX REFUND, Inc. provide the filing options tax professionals need to assist them in serving their clients and staying competitive.

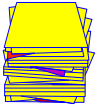
New For 2012. Modernized e-file and faster refunds are finally here for all tax returns after having been gradually phased in for just a percentage of returns the past few years. Although the new processing system is capable of depositing refunds in five business days, IRS is publishing a weekly Wednesday deposit schedule (7 to 13 days from acceptance) versus the legacy Friday deposits (9 to 15 days from acceptance). Receipt of a paper check from IRS will take an additional five days in the new system versus ten days in the past.

We've also redefined the two participation levels in our ProTaxNet Online Filing Cooperative for practitioners (OLF Link Only vs Full Website) and added a revenue-sharing option to each of them, thereby giving practitioners four participation levels to choose from. Be sure to read our enclosed material to learn more about how ProTaxNet can help practitioners attract new customers in this digital age.

And thanks again for giving us the opportunity to provide your clients and prospects with tax services and educational tools that earned the IRS Industry Partner Award for every year that IRS awarded the distinction. Please do not hesitate to call us at (330) 434-6655 or on our toll-free line if you have any questions.

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

NOTE: You must have a valid Electronic Filer Identification Number (EFIN) to use our Transmission Services as described below. If you do not have a valid EFIN, your clients can still file their tax returns electronically through 800-TAX REFUND by faxing their completed tax returns to us, with your office acting as a Referral Site -- see our Self-Serve IRS e-file by FAX!™ option.



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: 7 to 14 days for direct deposit; 12 to 19 days for check by mail. Backing up these promises has been our company’s distinction since we began transmitting tax returns twenty-one 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.

IRS e-file by FAX!™ Signature Authorization 2011		Check here if you were referred by your Paid Preparer <input checked="" type="checkbox"/>	
<small>© 2012 800-TAX REFUND, Inc. All rights reserved.</small>		Total Pages (incl. this cover) You Are Faxing <input type="text"/>	
<ul style="list-style-type: none"> • This form must be completed by the Taxpayer/Spouse. Please include a one-time-use Personal Identification Number (PIN), which will be used as your signature in your electronic tax return. • Choose your method of payment at the bottom of the page. • Fax this page with your tax forms, W-2s, and 1099s (if tax was withheld) to (800) 794-8851. • Call (800) TAX REFUND to track the status of your tax return. 			
Your first name and initial <input type="text"/>	Last name <input type="text"/>	<input type="text"/> - <input type="text"/> - <input type="text"/>	Your Social Security No. <input type="text"/>
IMPORTANT!			

Our Self-Serve e-file is a convenient way for taxpayers to file their already-prepared and professionally-prepared tax returns electronically. It's an IRS e-file Signature Authorization with instructions, enabling taxpayers to complete it and fax their paper tax forms to 800-TAX REFUND for electronic filing without practitioner assistance. It's been a popular service option for practitioner sites that are not authorized IRS Electronic Return Originators – also known as **Fax Referral Sites** – and no contract is necessary for practitioners to participate.

The Electronic Filing service is considered 800-TAX REFUND's. We provide you with a supply of e-file Signature Authorization forms, or you can simply print the form off of our web site at www.800taxrefund.com/efile. Clients who wish to file their tax return electronically (Federal and State) simply complete the form, consenting to a charge of \$39.00 payable to 800-TAX REFUND by credit card or account debit. You **may not** assist your clients in completing the Signature Authorization, however, you may review the form with them to ensure that it has been completed and signed. A toll-free fax number is provided for your client to fax his or her tax return, with the Signature Authorization, to 800-TAX REFUND for electronic filing. No cover sheet is required to accompany the return because the Signature Authorization is machine-readable – it automatically Date/Time stamps the tax return and records the referral source, which would be the paid preparer information on the accompanying tax return. We remit to you, as the referral source, a \$12.50 referral fee for each client return which is faxed to us, payable upon completion of the tax season.

Back by Popular Demand: Last tax season we introduced a \$19.00 “Low Priority” e-file service option that we thought many of your balance-due or low-refund clients would opt for, and we're pleased to report that the vast majority of practitioners utilized this option for their clients. “Low Priority” means that we can take up to eight days to process the return (vs 24 hours with our “Priority” e-file), and there will be no money-back guarantee on refunds which are delayed by IRS beyond our published Electronic Filing Precautions (vs the money-back guarantee on our “Priority” e-file). We remit to you, as the referral source, a \$2.50 referral fee for each “Low Priority” client return which is faxed to us, payable upon completion of the tax season. If 25% of your e-file clients opt for the “Low Priority” service, you will realize an overall average referral fee of \$10.00 per return, equivalent to what 800-TAX REFUND has remitted to practitioners for the past few years.

Of the 110 million tax returns e-filed during the past tax season, 40 million were prepared and e-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.

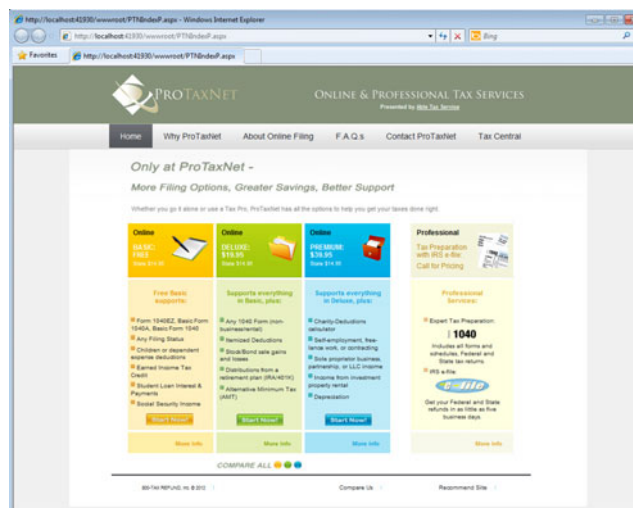
Chicago-based CCH, Inc., a respected name in the tax industry since 1913 (the year the U.S. Federal income tax was created), for the second year in a row will provide the live, around-the-clock, secure-server Internet functionality for our online tax filing option. Our partnership with CCH enables us to offer these exciting features as part of our online product: 1) users can now prepare and e-file their Federal Form 1040EZ and some basic Form 1040A/1040 returns for free, 2) users can now click to "Ask a Tax Professional" and "Have a Tax Pro Finish My Return" from within the online program, 3) the referring organization can now co-brand the online filing user interface, 4) the referring organization has access to current usage statistics, 5) Promotion Codes can now be utilized to drive more of your users to the online product and offer them better value, and 6) users will appreciate noticeably higher e-file acceptance rates.

As in prior years, practitioners can now choose one of two participation levels:

- 1) OLF Link Only - we provide the HTML code which enables you to run the ProTaxNet Online Filing Launch Page in a frame on your existing website, with no revenue sharing. There is no upfront cost for this one-year option which runs from Dec 15, 2011 to Dec 15, 2012.
- 2) Full ProTaxNet Website - we provide the hyperlink to your ProTaxNet website, complete with your company info, help pages for Online Filing and Professional Tax Services, Tax Central content, Usage Statistics, and Online Filing launch buttons, with no revenue sharing. The cost for this one-year option is \$50, which runs from Dec 15, 2011 to Dec 15, 2012.

Add Revenue Sharing to either option for just \$29 a year, which means you'll need to generate 6 paid Federal tax returns for Revenue Sharing to pay for itself. In 2011 75% of ProTaxNet Online Filing customers paid for their Federal return (25% qualified for free Basic), which means you may need 8 or 9 Online customers to complete their returns (2 or 3 for free) for Revenue Sharing to pay for itself.

As you'll learn when you go to www.protaxnet.com to register your organization for Online Filing, many practitioners use ProTaxNet Online Filing as a way to gradually build a younger client base and client loyalty toward future professional and online services, so Revenue Sharing may not be as important an option for your business in your initial years in this space.



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

	800TR ProTaxNet SM	TurboTax Web TM by Intuit *	HRB At Home TM by H&R Block *
Prep & e-file Form 1040EZ	FREE	FREE to \$19.95	FREE to \$14.95
Prep & e-file Form 1040A	FREE to \$19.95	\$24.95 to \$39.95	\$34.95
Prep & e-file Form 1040	\$19.95 (most returns) \$39.95 (business/rental)	\$49.95 to \$89.95	\$49.95 to \$74.95
Prep & e-file State Return	\$14.95	\$19.95 to \$39.95	\$30.95 to \$39.95
Professional Tax Assistance	FREE (Limited)	\$29.95	\$29.95
Group Incentive or Discount	\$5.00 per paid return referral fee	0% to 15% Discount	N/A
E-mail Support	Yes	Yes	Yes
Toll-Free Phone Support	Yes	Yes	No
Co-brand Options in User Interface	Yes	Yes	N/A
Guaranteed Calculations	Yes	Yes	Yes
User Interface	Interview	Interview	Interview
IRS Industry Partner Award No. of Years	13	11	13

* Competitor pricing last available as of November 2011 vs 2012 800-TAX REFUND prices

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, 2011 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 13, 2012 through April 16, 2012, 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 : Whereupon 800-TAX REFUND, Inc. receives a fee of \$39.00 directly from the ERO's Patron for electronically filing the Patron's already-prepared "Priority" tax return, it shall remit to the ERO the amount of \$12.50 for each "Priority" tax return processed. Whereupon 800-TAX REFUND, Inc. receives a fee of \$19.00 directly from the ERO's Patron for electronically filing the Patron's already-prepared "Low-Priority" tax return, it shall remit to the ERO the amount of \$2.50 for each "Low-Priority" tax return processed.

INTERNET RETURNS: Whereupon 800-TAX REFUND, Inc. receives a fee of either \$19.95 or \$39.95 directly from the ERO's Patron for preparing, and optionally electronically filing, the Patron's Federal tax return using 800-TAX REFUND's \$19.95 "Deluxe" or \$39.95 "Premium" Internet tax preparation program options, it shall remit to the ERO the amount of \$5.00 for each tax return

prepared. No fee shall be remitted to the ERO for ERO's Patrons electing to use 800-TAX REFUND's free "Basic" Internet tax preparation program option, or 800-TAX REFUND's \$14.95 State Internet tax preparation program option, for preparing, and optionally electronically filing, the Patron's "Basic" Federal tax return or the Patron's State tax return.

GUARANTEE.

Should ERO's Patron using either a) 800-TAX REFUND's "Priority" e-file by Fax service, or b) e-file transmission service initiated from IRS-registered ERO, not receive his/her income tax refund within one (1) working day of IRS's expected direct deposit/check mailing date, then said Patron'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. 10-11), 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 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, Inc.'s liability shall be limited to a) the amount of the fee charged by 800-TAX REFUND, Inc. for preparing and/or transmitting the Patron's tax return, and b) the amount of the penalty and/or interest initially assessed to the Patron by a Federal or State tax authority for any income tax underpayment resulting from an error or omission on the part of 800-TAX REFUND, Inc. Furthermore, 800-TAX REFUND, Inc. shall not be responsible for any consequential damages suffered by the Patron or the ERI as a result of the Patron failing to receive his or her income tax refund by the time expected. There are no consequential damages in the minds of the parties.

OTHER.

Parties to this Agreement are independent contractors. The parties expressly acknowledge and agree that it is not their intention or purpose hereunder to create, nor shall this Agreement be construed as creating any type of partnership, joint venture, employer/employee relationship, franchise, or agency between the parties. Neither party has authority to act or attempt to act, or represent itself, directly or by implication, as an agent of the other in any matter, or attempt to assume or create any obligation on behalf of or in the name of the other..

IN WITNESS WHEREOF the parties have executed this agreement on this _____ day of _____, 201__.

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 (S) :

- 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.
- I HAVE REGISTERED AT WWW.PROTAXNET.COM AND WILL PARTICIPATE IN REVENUE SHARING

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.
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.