

**JACKSON HEWITT TAX SERVICE INC.**

**CHARTER OF THE AUDIT COMMITTEE  
OF THE  
BOARD OF DIRECTORS**

(as amended and restated on July 11, 2006)

**I. Purpose of Audit Committee**

The Board of Directors (the "Board") of Jackson Hewitt Tax Service Inc. (the "Company") has constituted and established this Audit Committee (the "Audit Committee") with authority, responsibility, and specific duties as described in this Audit Committee Charter, subject to and in accordance with any applicable provisions set forth in the By-Laws of the Company, which provisions are incorporated by reference herein. The purpose of the Audit Committee shall be (a) to assist the Board's oversight of (i) the integrity of the Company's financial statements, (ii) the Company's independent auditors' qualifications and independence, (iii) the performance of the Company's independent auditors and the Company's internal audit function and (iv) the Company's compliance with legal and regulatory requirements, and (b) to prepare a report for inclusion in the Company's annual proxy statement, in accordance with applicable law, regulations and listing standards.

**II. Composition of Audit Committee**

The Audit Committee shall consist of not less than three members. Each member of the Audit Committee shall be appointed by the Board upon the recommendation of the Corporate Governance Committee and shall satisfy the independence, financial literacy and expertise requirements of the New York Stock Exchange and the Sarbanes-Oxley Act of 2002 (the "Act") as appropriate, including the rules and regulations promulgated by the Securities and Exchange Commission ("SEC"). At least one member of the Audit Committee shall be an "Audit Committee financial expert" as defined by the SEC. To ensure that each Audit Committee member can devote the appropriate time to his/her oversight role, each member is limited to serving simultaneously on the audit committees of no more than three public companies.

Vacancies on the Audit Committee shall be filled by majority vote of the Board at the next meeting of the Board following the occurrence of the vacancy. The members of the Audit Committee may be removed by a majority vote of the independent directors then in office.

**III. Authority and Responsibilities of Audit Committee**

The following are the responsibilities of the Audit Committee:

**A. Independent Auditor**

- Appoint, approve compensation to and oversee the work performed by the independent auditor for the purpose of preparing or issuing an audit report.

**JACKSON HEWITT TAX SERVICE INC.**

**CHARTER OF THE AUDIT COMMITTEE  
OF THE  
BOARD OF DIRECTORS**

(as amended and restated on July 11, 2006)

- Adopt and ensure compliance with a pre-approval policy with respect to services provided by the independent auditor.
- The independent auditor shall report directly to the Audit Committee and the Audit Committee shall oversee the resolution of disagreements between management and the independent auditors in the event that they arise.
- Review and, in its sole discretion, approve in advance the services and terms of all audits and, as provided in the Act, all permitted non-audit services and relationships between the Company and the independent auditor. Approval of audit and permitted non-audit services may also be made by one or more members of the Audit Committee as shall be designated by the Audit Committee/the chairperson of the Audit Committee and the person(s) granting such approval shall report such approval to the Audit Committee at the next scheduled meeting.
- At least annually, obtain and review a report by the independent auditor describing all relationships between the independent auditor and the Company consistent with Independence Standards Board Standard No. 1, any required peer review, any inquiry or investigation by governmental or professional authorities, within the five preceding years, respecting one or more independent audits carried out by the firm, and the internal quality-control report of the independent auditor.
- Discuss the foregoing report by the independent auditor to the extent it discloses any material issues, relationships or services that may impact the performance, objectivity or independence of the outside auditor, including the matters required to be discussed by Statement on Auditing Standards No. 61, and take, or recommend that the full Board take, appropriate actions to oversee the independence of the outside auditor.
- Evaluate with the assistance of the Company's management, the qualifications, performance and independence of the independent auditor, including the lead partner of the independent auditor and, if so determined by the Audit Committee, terminate the Company's engagement of the independent auditor.

The Audit Committee should present its conclusions with respect to the above matters, as well as its review of the lead partner of the independent auditor to the Board.

**JACKSON HEWITT TAX SERVICE INC.**

**CHARTER OF THE AUDIT COMMITTEE  
OF THE  
BOARD OF DIRECTORS**

(as amended and restated on July 11, 2006)

B. Financial Reporting and Accounting Policies

- Review the annual audited and quarterly financial statements with the Company's management, its Disclosure Committee and the independent auditor, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations." Review other relevant reports or financial information submitted by the Company to any governmental body, or the public, including management certification as required by the Act.
- Review any significant reporting issues and judgments made in connection with the Company's financial statements.
- Review major issues regarding the Company's significant accounting principles, financial statement presentations and any changes thereto and the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies. Consider the impact of acceptable alternative accounting principles that are communicated by the independent auditor, internal auditors or the Company's management.
- Review the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company.
- Make a recommendation to the Board as to the inclusion of the Company's audited financial statements in the Company's Annual Report on Form 10-K.

C. Audit Process of the Independent Auditor

- Meet with the independent auditor prior to it commencing the audit to review the scope (i.e. nature of work performed by entity), planning and staffing of the audit.
- Discuss with the independent auditor its required disclosure outlined by Generally Accepted Auditing Standards relating to the conduct of the audit, including consideration of the quality of the Company's accounting principles as applied in its financial reporting.
- Review with the independent auditor any problems or difficulties and management's response; review the independent auditor's attestation and report on management's internal control report, from the time that such

**JACKSON HEWITT TAX SERVICE INC.**

**CHARTER OF THE AUDIT COMMITTEE  
OF THE  
BOARD OF DIRECTORS**

(as amended and restated on July 11, 2006)

reports are prepared; and hold timely discussions with the independent auditors regarding the following:

- All critical accounting policies and practices;
- All alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and
- Other material written communications between the independent auditor and management including, but not limited to, the management letter and schedule of unadjusted differences.

D. Internal Audit Function

- Review and advise on the appointment and replacement of the head of the Company's internal Corporate Audit Staff, the adequacy and qualifications of the internal Corporate Audit Staff and the responsibilities and budget of the Company's internal audit function.
- Review, periodically, with the independent auditor, the budget, staffing and responsibilities of the internal audit function.
- Review any significant reports or summaries thereof to the Company's management prepared by the internal Corporate Audit Staff and the responses of the Company's management.
- Review and evaluate with the Company's management, internal Corporate Audit Staff and the independent auditor the adequacy of internal controls that could significantly affect the Company's financial statements.

E. Legal Matters

- Review with the Company's General Counsel and management legal matters that may have a material impact on the Company's financial statements, its Company's compliance policies and any material reports or inquiries received from regulators or governmental agencies.
- Recommend, review and update periodically Codes of Conduct for employees and directors (collectively, the "Codes"), and ensure that

## **JACKSON HEWITT TAX SERVICE INC.**

### **CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**

(as amended and restated on July 11, 2006)

management has established a system to enforce these Codes. Ensure that the Codes are in compliance with all applicable law, rules and regulations.

- Review management's monitoring of the Company's compliance with the Codes, and ensure that management has the proper review system in place to ensure that the Company's financial statements, reports, and other financial information disseminated to governmental organizations, and the public satisfy legal requirements.
- The Audit Committee may direct and oversee, as appropriate, investigations into any matter brought to its attention with the scope of its duties.

#### **F. Other Matters**

- Establish clear hiring policies, compliant with governing laws or regulations for employees or former employees of the independent auditor.
- Discuss the Company's earnings press releases, including review of "pro-forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance provided by the Company to analysts and rating agencies. This review may be done generally through a discussion of the types of information to be disclosed and type of presentations to be made, and the Audit Committee need not discuss in advance each earnings release or each instance in which the Company may provide earnings guidance.
- Discuss the Company's policies with respect to risk assessment and risk management, including the Company's major financial accounting and risk exposures and the steps management has undertaken to control them.
- Submit the Audit Committee report required by the rules of the SEC to be included in the Company's annual proxy statement.
- Establish and maintain procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters. Review any such concerns or complaints.
- Establish and maintain procedures for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters. Review any such concerns or complaints.

**JACKSON HEWITT TAX SERVICE INC.**

**CHARTER OF THE AUDIT COMMITTEE  
OF THE  
BOARD OF DIRECTORS**

(as amended and restated on July 11, 2006)

**IV. Meetings of the Audit Committee**

The Audit Committee shall meet regularly prior to, or following, meetings of the Board. Meetings of the Audit Committee may be called by the Chairman of the Audit Committee or the Chairman of the Board.

The Audit Committee shall report regularly to the Board regarding the execution of its duties and responsibilities, at a minimum, after each scheduled meeting of the Audit Committee, and shall keep written minutes of its meetings, which minutes shall be maintained with the books and records of the Company.

The members of the Audit Committee shall select a chair who will preside at each meeting of the Audit Committee and, in consultation with the other members of the Audit Committee, shall set the frequency and length of each meeting and the agenda of items to be addressed at each upcoming meeting. A majority of the members of the Audit Committee present in person or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other shall constitute a quorum. The act of a majority of the Audit Committee members present at any meeting at which a quorum is present will be the act of the Audit Committee. In addition, at the first meeting of the Audit Committee and at each first meeting held in each successive year, the chair, in consultation with the other members of the Audit Committee, shall propose a list of items to be addressed by the Audit Committee during the coming year.

The chair shall ensure that the agenda for each upcoming meeting of the Audit Committee is circulated to each member of the Audit Committee as well as to each other director in advance of the meeting, and that the list of items to be addressed by the Audit Committee during the coming year is circulated to each member of the Audit Committee as well as to each other director not later than ten business days after the first meeting of the Audit Committee each year. The chair, subject to the approval of a majority of the members of the Audit Committee, shall have the authority to change the agenda to respond to any matters that warrant attention.

Periodically, the Audit Committee shall meet with the Company's management, members of the Company's internal Corporate Audit Staff and with the independent auditor in separate sessions.

**V. Evaluation of the Audit Committee**

The Audit Committee shall, on an annual basis, evaluate its performance under this Charter. In conducting this review, the Audit Committee shall evaluate whether this Charter appropriately addresses the matters that are or should be within its scope and shall recommend any proposed changes to the Board. The Audit Committee shall

**JACKSON HEWITT TAX SERVICE INC.**

**CHARTER OF THE AUDIT COMMITTEE  
OF THE  
BOARD OF DIRECTORS**

(as amended and restated on July 11, 2006)

address all matters that the Audit Committee considers relevant to its performance, including at least the following: the adequacy, appropriateness and quality of the information and recommendations presented by the Audit Committee to the Board, the manner in which they were discussed or debated, and whether the number and length of meetings of the Audit Committee were adequate for the Audit Committee to complete its work in a thorough and thoughtful manner.

**VI. Resources of the Audit Committee**

The Audit Committee shall have the authority, following notice to the Chairman of the Board to retain and compensate legal, accounting or other advisors to advise the Audit Committee and assist it in fulfilling its duties and responsibilities. The Audit Committee may request any director, officer or employee of the Company, or the Company's outside counsel or independent auditor, to attend a meeting of the Audit Committee or to meet with any members of, or advisors to, the Audit Committee.

**VII. Other**

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits, or to determine that the Company's financial statements are complete, accurate and in accordance with generally accepted accounting principles. This is the responsibility of the Company's management and the independent auditor.