

Standard Engagement Letter for Tax Returns

We are pleased to confirm our understanding of the arrangements for the preparation of your current tax-year income tax return(s). We will prepare federal and state income tax returns from information you provide and will e-file your returns when appropriate.

It is your responsibility to provide to us all the information required for the preparation of complete and accurate returns. You should retain all the documents, canceled checks, and other data that form the basis of income and deductions. These may be necessary to prove the accuracy and completeness of the returns to a taxing authority. You have the final responsibility for the income tax returns and, therefore, you should review them carefully before you sign them.

Our work in connection with the preparation of our income tax returns does not include any procedures designed to discover fraud, defalcations of other irregularities, should any exist. An engagement to provide such additional services will need a separate agreement.

Your returns may be selected for review by taxing authorities. In the event of an examination or other IRS contact, we are available to represent you and will render additional invoices for the time and expenses incurred.

You will submit your current tax-year income tax information to us no later than 3/15 of the current year If, for some unforeseen reason, your data is not complete at that time, submit whatever is ready and send the balance as soon as possible. Be aware that if you submit your data after the specified date, we may not be able to keep our commitment in terms of delivery. Ultimately you may be subject to late-filing penalties because of this delay.

Our fee does not include responding to IRS inquires, and you understand that we are not responsible for IRS disallowance of doubtful deductions or inadequately supported documentation, nor for resulting taxes, penalties, and interest.

We will use our professional judgment in preparing your returns. Whenever we are aware that possibly applicable tax law is unclear of that there are conflicting interpretations of the law by authorities (e.g. tax agencies and courts) we will explain the possible positions which may be taken on your return. We will adopt whatever position you request on your return so long as it is consistent with the codes and regulations and interpretations that have been promulgated.

Wherever possible, **we will resolve questions involving application of tax rules in your favor.**

By your signature of the tax returns, you agree to the terms hereof and that you have the proper records to substantiate all items of income and deductions, including auto logs, travel and entertainment expenses. If you have any questions as to the type of records required, please ask us for advice in that regard.

(over)

The **minimum record-keeping requirement** is that you maintain certain records relating to meals, travel expense, entertainment expense, vehicle use, and business gifts including details of the expense, the location, the business purpose of the expense, and the business relationship to the taxpayer of the person being entertained or receiving the gift. Although not required, the government prefers that the information be kept contemporaneously in a diary or calendar. Where possible, charge cards should be used and the above information shown on the back of the slip you maintain.

The law provides for a penalty to be imposed where a taxpayer makes a substantial understatement of their tax liability. Taxpayers may seek to avoid all or part of the penalty by showing (1) that they acted in good faith, based on substantial authority, or (2) that the relevant facts affecting the item's tax treatment were adequately disclosed on the return. You agree to advise us if you wish disclosure to be made in your returns or if you desire us to identify or perform further research with respect to any material tax issues for the purpose of ascertaining whether, in our opinion, there is "substantial authority" for the position proposed to be taken on such issue in your returns.

Any **dispute** between us shall be submitted to the JAMS/Endispute for binding arbitration. Parties give up their rights to a jury trial. The reverse side of our invoices shall form part hereof.

If you turned 70 ½ and have an IRA or employer retirement account, or if you have an inherited IRA, you may be required to take minimum distributions from these account before December 31. There is a permanent surcharge if you apply for Medicare less than three months prior to turning age 65 (with minor exceptions).

If a member of the firm acts a **trustee of a trust** which you created or funded, you specifically fully indemnify such person for all and any liability related thereto, save only for acts of dishonesty. The firm does not act as trustee and is hereby fully indemnified. We provide **no estate planning services** and reliance should be placed exclusively on your lawyer for planning and compliance. For clients who own investment real estate, **we are not property managers** and assume no responsibility for any aspect of the ownership or management thereof. Reliance should be placed exclusively on the outside property managers, who we may assist from time to time.

If you **created a foreign trust, own an interest in a foreign entity of any kind, received a distribution from a foreign entity or have signatory powers (or other authority) over any foreign investment**, there are significant reporting requirements that apply. Details are provided on our website. Please provide full information to us in writing for filing purposes

It is extremely important to ensure that your **retirement plan** is in compliance with all the latest rules and regulations since the IRS imposes stiff penalties or even disqualifies plans that are not in compliance. Please contact your plan administrator annually and request a full examination of your plan to make sure that it is up to date and in compliance with the all latest regulations. We do not provide plan administration or compliance services.

DOCUMENT RETENTION: All documentation in our office is routinely destroyed after 7 years. We expect that you are retaining copies of all documentation that is required for longer than that, for example purchase records for mutual funds and stocks held in taxable accounts to calculate the cost basis; records of your home and other asset purchases, as well as records of significant improvements and Forms 8606 showing nondeductible IRA contributions so you can prove you already paid taxes on them.

We appreciate this opportunity to work with you. Please call if you have any questions or need additional information.