



## 2017 Engagement Letter

This letter is to confirm and specify the terms of our engagement with you and to clarify the nature and extent of the services we will provide. In order to ensure an understanding of our mutual responsibilities, we ask all clients for whom returns are prepared to confirm the following arrangements.

### **1. Due Diligence, Records and Audit**

We will prepare your 2017 federal and requested state income tax returns from information that you will furnish us. We will not audit or otherwise verify the data you submit, although it may be necessary to ask you for clarification of some of the information. We will furnish you with worksheets to guide you in gathering the necessary information. Your use of such forms will assist in keeping the fee to a minimum; however, it is important that we see source documents for compliance with regulations.

It is your responsibility to provide all the information required for the preparation of complete and accurate returns. You should retain all documents, cancelled checks and other data that form the basis of income and deductions for a minimum of seven years. 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 your income tax returns does not include procedures designed to discover defalcations or other irregularities, should any exist. If requested, we render accounting and bookkeeping assistance separately to assist in the preparation of the income tax returns. We do not provide independent audit services. The law provides various penalties that may be imposed when taxpayers understate their tax liability.

We will use professional judgment in resolving questions where the tax law is unclear, or where there may be conflicts between the taxing authorities' interpretations of the law and other supportable positions. Unless otherwise instructed by you, we will resolve such questions in your favor whenever possible.

Your returns may be selected for review by the taxing authorities. Any proposed adjustments by the examining agent are subject to certain rights of appeal. In the event of such government tax examination, we will be available upon request to represent you and will render additional invoices for the time and expenses incurred.

### **2. Fees and Billings**

Our fees are based on the complexity of your return and the amount of work involved in preparing your return, plus any out-of-pocket expenses incurred. Out-of-pocket expenses typically include shipping and courier charges if we are required to deliver your tax returns to you. All invoices are due and payable upon presentation, and we reserve the right to request a retainer before starting work on all preparation and consulting projects. Late fees are assessed after 21 days of the invoice date and will continue to accrue until all charges are paid in full, and we reserve the right to be reimbursed for legal expenses in the case that collections procedures are required.

The fee for your return may be different from what it was in the past. It may be higher or it may be lower, depending on the complexity of your tax situation and how organized your documents are. If you have a business or rental activity, your fee will be affected by the state of your books and records. To keep the fee down, you should provide your completed books in paper or electronic form, alternatively you can fill-in the tax organizer pages for business and rental income and expenses. If you bring in a collection of loose documents and receipts, we will charge more.



We attempt to limit our invoices to once per annum, and to provide complimentary advice to clients throughout the year. This is discretionary, and we reserve the right to charge for consulting services in the case of complex or time-consuming projects.

We are always happy to provide fee estimates in advance of work on request.

### 3. Other Terms and Conditions

- ✓ *You will review our tax organizer and complete it as best you can.* Our tax organizer is intended to remind you of potential items of income that are reportable on your US income tax return. It is your responsibility to ensure that all items of income and expense are properly included and presented on your tax return.
- ✓ *You are aware that it is your responsibility to provide all the information required for the preparation of complete and accurate returns.* You are aware of IRS record keeping and documentation requirements, and you represent that you have the necessary documentation. You understand we will not audit or verify your information. You represent that your expenses for meals, entertainment, travel, business gifts, charitable contributions, dues and memberships, and vehicle use are supported by records as required by law. Deductions should be substantiated by documents that prove (1) the amount of the item, (2) the time and place of the disbursement, (3) the purpose of the disbursement, and (4) in the case of an entertainment expense, the business relationship between the parties in attendance.
- ✓ *You understand that there may be elections and decisions in your return which could be challenged by tax authorities.* If we believe we see a grey area, we will discuss it with you. We are required by law to disclose any position on a return that has a reasonable basis but may be contrary to Treasury regulations. Tax law is ever-changing. It is possible that you may be assessed additional tax, interest or penalties. While we try our best, we occasionally make mistakes.
- ✓ *You authorize us to file extensions on your behalf as necessary.*
- ✓ *You understand that the IRS and most states have issued regulations that require that tax preparers e-file the income tax returns that we prepare.* Therefore, unless you object, we will e-file your returns upon receipt of a signed form 8879. It is possible your e-filing may be rejected, in which case we will prepare the tax returns for paper filing.
- ✓ *You promise to review your returns carefully before signing and submitting Form 8879 or a state equivalent.*
- ✓ *You understand that notices and other communications from the IRS or state tax authorities should be sent to us for review.* It is possible you may receive a notice for additional tax, or for clarification of items reported or not reported on your tax returns. These notices can affect subsequent tax returns, and should be sent to us to ensure that your tax file is kept up-to-date.
- ✓ *You understand that penalties on underpayment of estimated taxes, late filing, or failure to file on time are your responsibility.* If you receive a penalty imposed as a result of our error, we may attempt to request a waiver of the penalties assessed. If we decide not to request a waiver, and/or the waiver request is denied, and the penalties were imposed as a result of our error, we will reimburse you for the penalty, or credit your account, at our option.



- ✓ *You understand that you are the custodian of your own records.* We will return the original source documents provided to us. We routinely scan and keep copies of some supporting documents, but you cannot rely upon us to maintain documents supporting your tax return - that is your responsibility.
- ✓ *You are aware that the firm uses third-party service providers to assist in serving your account.* We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information, and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others.
- ✓ *You agree to mediation should there be a disagreement of any sort between us.* If mediation is unsuccessful, you agree to binding arbitration under the rules of the American Arbitration Association. The limit of time for making a claim arising from our services is one year after the services are rendered. The firm maintains the right to file a claim in court in the case that collections procedures are necessary.
- ✓ *You understand that advice, suggestions, and opinions which are given informally, orally or via email, do not have the same force and effect of a formal written opinion.* The IRS says that any advice that you receive from us, either in writing or orally, cannot be used as a defense against the assessment of a penalty.

#### 4. Acceptance of Terms

We take standards and responsibilities seriously, and we reserve the right to withdraw from this engagement without completing the work if you fail to comply with the terms of the engagement letter. If any portion of this agreement is declared invalid or unenforceable, the finding shall not invalidate the remainder of the terms set forth.

If the foregoing fairly sets forth your understanding, please sign the enclosed copy of this letter in the space indicated and return it to our office. By signing below, you acknowledge that your tax returns were prepared with your informed consent, you agree to the reasonableness of how we bill, and you agree to pay our bill upon presentation.

\_\_\_\_\_  
Accepted By

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name

In the case of work product covering more than one party, the signer above enters into this agreement on behalf of all affected parties (i.e. one spouse signing for both spouses).