

January 2024

Individual Tax Return Engagement Letter

WHAT THIS LETTER IS FOR

We appreciate the opportunity to help you with the preparation of your personal income tax returns. In order to have a complete understanding between us, this letter will explain important information about the services we will perform for you and your responsibilities in this regard.

WHAT WE WILL DO AND WHAT YOUR RESPONSIBILITIES ARE

We will prepare your 2023 Federal Form 1040 and any other tax returns or amended tax returns you specifically authorize us to prepare. We will do this work in a careful, professional manner using information you provide to us. **You are responsible for confirming that personal expenses, if any, are segregated from business expenses and expenses such as meals, travel, entertainment, vehicle use, gifts, and related expenses are supported by necessary records required by the IRS and other taxing authorities.** We will not perform any procedures designed to discover fraud, defalcations, or other irregularities, should any exist in your business or personal accounts. In other words, we will not audit or verify the data you submit, but we may ask you to clarify or document certain items if it would be in your best interest to do so to avoid improper reporting and possible IRS penalties. The Internal Revenue Service holds **you** responsible for the content and accuracy of your returns so you must inform us of all relevant facts which affect your returns, and provide all necessary information to us. These materials include all W2, 1099, and K1 forms and real estate settlement statements. Also included is ownership of, or signature authority over, any foreign bank accounts, the ownership of any foreign financial assets and any income involving cryptocurrencies. It is your responsibility to be familiar enough with the facts presented on your tax forms so you can review them in a meaningful way and approve them before you file the return. The IRS allows you to authorize us to discuss, on a limited basis, aspects of your return for one year after the return's due date. Your consent to such a discussion is noted by checking a box on the return. Unless you tell us otherwise, we will check that box authorizing the IRS to discuss your return with us. Furthermore, you are responsible for making estimated tax payments each quarter, if you need to do so. **PLEASE RETURN YOUR TAX ORGANIZER TO US EVEN IF YOU DID NOT COMPLETE IT.**

IRS RECORDKEEPING REQUIREMENTS

Because the IRS and other taxing authorities have the right to examine any tax returns you file, you should be aware of certain recordkeeping requirements. The law requires you to maintain and retain information substantiating all income and deductions on your tax returns. It is important you have a recordkeeping system which satisfies these requirements. Specific written records are **required** for deductions of all charitable contributions, and business travel, meals, entertainment, and auto mileage. There is a specific question on your tax return about whether you keep such written records – and unless you let us know otherwise, we will assume you do. Please let us know if you have questions about the kinds of documentation which will satisfy these IRS requirements. You should keep these records for a **minimum** of four years after your return has been filed.

WE ARE YOUR ADVOCATE AND ADVISOR

We will prepare your return in accordance with the tax laws as set forth in the current Internal Revenue Code. In analyzing your tax information, we may discover conflicting authorities as to how you should report (or not report) an item or transaction on your tax return. Statutes, court cases, public information releases, regulations, and so forth are constantly changing. As your advocate we will resolve questions involving the application of tax rules in your favor whenever there is reasonable justification to do so – and after we discuss with you any unusual risks involved. If we report any “gray area” items or transactions in a manner which favors you instead of the IRS, the possibility exists they may disagree with your position. The IRS can assess a penalty if you omit information or a transaction they think should have been reported or take a position contrary to the IRS. The IRS has been aggressive in assessing penalties on any return which is late, underpaid, or inaccurate. ***As we stated above, we are your advisor and tax preparer, but you have the final responsibility for the handling of each item on your return and for the overall correctness of the return.***

WE WON'T DO A LOT OF TAX PLANNING FOR YOU UNLESS YOU REQUEST IT

Our tax preparation services do not include any services not specifically stated in this letter (although we usually make some informal tax savings suggestions during the course of our work). We would be pleased to prepare tax projections, perform research about the tax effects of proposed or completed transactions, or help you with an IRS inquiry or tax examination. We would charge you additional fees for these services at our then current billing rates.

PRIVACY NOTICE AND RECORDS RETENTION POLICY

Our relationship with you is strictly confidential. We will not discuss any of your information with any third party – or disclose it in any other way – unless we have your express written approval, or are required or permitted to do so by law. Permitted disclosures include providing information to our employees, and in limited situations to certain third parties who need the information to assist us in providing services to you. In these situations, we stress the confidential nature of the information we are sharing. This privacy policy applies even if you are no longer a client. We keep records related to your tax return for four years, after which time we are free to destroy our records related to this engagement. We never keep any original documents and will return these to you immediately after your tax return is completed. It is your responsibility to keep and protect your records for possible future use, including an examination by the IRS or any other governmental agency. As part of providing professional services to you, we use secure cloud-based storage services from Saca Technologies, Inc. for hosting and storage of all data and communications. By agreeing to this engagement, you consent that our use of these services is acceptable to you.

THIS IS HOW WE DETERMINE HOW MUCH TO BILL YOU

Our fees for tax services will be based in part upon the amount of time required at our standard billing rates for the personnel working on the engagement, plus out-of-pocket expenses including computer processing charges. We reserve the right to increase or decrease our fees based on the value of the services rendered. All invoices are due and payable upon presentation. Any past due fee under this arrangement shall be subject to a late payment charge of 1.5% per month (18% per year). Please note our tax preparation fee does not include responding to requests for additional information or clarification after your return has been filed, or representation before the IRS in the event your tax returns are examined. Fees for additional work billed at our hourly rates ranging from \$200 to \$330 based on the professional performing the work and the type of work performed (bookkeeping, tax planning and consulting services). Our maximum liability to you arising from services rendered under this letter is limited to the fees you pay for these services.

DEADLINES

If we do not receive all your tax information by **March 15, 2024**, we may put your return on extension. After that, if we do not have all of your tax information by September 1, 2024, we cannot guarantee we will complete your tax return by the October 15, 2024 deadline. If you are having trouble gathering information by these dates, call us so we can discuss the problems.

Tax return preparation is only one specific service we offer. If you would like help with other related areas – a conference with you after your return is completed, handling an IRS exam for you, or comprehensive tax planning services, for example – we would be happy to do so. Thank you for choosing our firm to prepare your tax returns. We look forward to working with you.

Very truly yours,
McDevitt & Duffy, CPAs, P.S.

The terms of this engagement are acceptable to me. (If this is a joint return, I am signing for both of us.) The information I have provided or will provide in connection with these tax returns is true, correct and complete to the best of my knowledge.

APPROVED BY: _____ DATE: _____

APPROVED BY: _____ DATE: _____