

# Tax Return Engagement Agreement

Terms and conditions under which I will provide you with tax services and it outlines responsibilities for each of us.

**Preparation:** I will prepare your individual/business/entity tax returns for the period(s) you provide me with specific information. I will not audit or otherwise verify the data you submit, although I may ask you to clarify some of it for me. I will render such bookkeeping assistance as I find necessary for the preparation of the income tax returns at an ADDITIONAL CHARGE when necessary to properly prepare the return. The client is responsible for the proper recording of transactions in the books of accounts, for the safeguarding of assets, and for the substantial accuracy of the financial records. You also represent that the income and expense items you claim on your return(s) are substantiated by proper records and receipts. The client is also responsible for maintaining sufficient documentation to substantiate all items of income and deduction claimed, including travel and entertainment expenses. You are ultimately responsible for the accuracy of your return(s) and should review all returns carefully before signing. It is recommended that the client provide photocopies of all tax documents to prevent any loss of data. J. M. Tax Preparation, LLC will not be held responsible for lost originals. Your tax returns will be electronically filed or addressed envelopes will be provided, without postage. As a general rule, I require that all information be provided to me no less than 7-10 days prior to the date when you expect me to deliver your tax return(s). Be aware that if you submit your data after the date requested, I may not be able to keep my commitment in term of delivery. Although I will endeavor to extend the due date of your tax return(s) if they are not done by the tax filing deadline, ultimately you may be subject to late filing penalties because of the delay. If there is an error on the return which results from incorrect information supplied by you, you are responsible for the payment of any additional taxes which would have been properly due on the original return(s), and any interest and penalties charged by the IRS. If I have made an error, other than an error caused by incorrect information you supplied, I will be responsible for payment of penalties. I will not pay interest, since the tax would have been payable had the return been correctly prepared, and you have had use of such monies in the interim. FEES ARE BASED ON EFFICIENCY OF TIME INVOLVED AS A STANDARD. IF YOUR TAX CASE REQUIRES MORE TIME & ATTENTION, ADDITIONAL FEES WILL BE ADDED.

**Fees & Payment:** My fees for this work will be based upon the complexity of your tax return(s) and a provided fee schedule for additional forms. If you request an estimate, I will give you a non-binding estimate based upon your representations about the complexity of your tax return(s). Because unforeseen or changed circumstances might affect this original fee estimate, your actual fees may exceed the original fee estimate without notification to you in advance. **Full payment of your tax preparation fee is**

**required before I will electronically file your return or payment arrangements made.** I reserve the right to ask for retainer fees to be paid in advance of work done from new clients and any client with whom I have experienced payment problems. Rates are subject to change and are updated in July of each year. In the event that any balance is past due, I reserve the right to cease working on your return(s) or providing any other services until the balance has been paid in full. If you have a balance on your account after 30 days, there will be a late fee of 5% added to the second billing and on each monthly statement thereafter. At any time after the second billing, your account may be sent to collections. You will be responsible for any court costs, attorneys' fees and any costs associated with collections.

**Privacy:** I am committed to the safekeeping of your confidential information and I maintain physical and electronic safeguards to protect your information. I am required to keep all information about our engagement confidential. I will not disclose any information about you unless I have your approval as required by law, even if you are no longer a client.

**Document Retention:** It is my policy to retain work papers related to this engagement for seven years. Upon the expiration of the seven-year period, you agree that I shall be free to destroy our work papers. When records are returned to you, it is your responsibility to retain and protect your records for possible future use, including potential examination by any government or regulatory agencies. You should retain the tax records related to the current year's tax returns, including any receipts, statements or other supporting documentation, for at least seven years after it was filed, since any additional assessments are usually made during this period.

**Additional Copies for Client or 3rd Party:** One (1) copy of your tax return will be provided to you for your files. Additional copies \$10 each. If you need to request that I fax or mail a copy of your tax return(s) or any other data about you to another party (i.e. mortgage lender), I will require your permission in writing or via email. Please fax me your signed authorization to release the information to (440)309-4922. This engagement letter will apply for all future years unless the agreement is terminated or amended in writing by you or the preparer. Please sign this letter and bring it with you to your tax appointment. A copy will be returned for your records.

## **Due Diligence (IRS MANDATES) \*YOU ARE RESPONSIBLE FOR RECORDING KEEPING & PROOF:**

1. Did you make any payments during the tax year that would require you to file Form(s) 1099 yes \_\_\_\_\_ no \_\_\_\_\_ and if yes, did you or will you file all required Forms 1099? yes \_\_\_\_\_ no \_\_\_\_\_ (**\$250 penalty per information return not submitted**). As with last year, all 1099s and w2s should be software generated. If a taxpayer fails to use a software program the IRS will classify the return as "altered, typed, or handwritten." If this condition exists, I am mandated to mark your return as a "nonstandard W2 or 1099." Under this condition, your return may be subject to audit as the IRS considers it possible fraud.
2. Taxpayers' **automobile vehicle expense and mileage log documentation** for Schedule C and Schedule E. The IRS states that if the tax preparer "has reason to believe" a taxpayer is under-reporting income or taking an illegal deduction, he/she must investigate the taxpayer's books and records. The IRS calls this process "due diligence." If necessary, can you provide such documentation? Yes \_\_\_\_\_
3. The IRS states there is rampant fraud being committed by taxpayers claiming a dependent erroneously. Tax preparers must obtain documentation to certify that the child is a qualified child by completing IRS Form 8867. To exercise due diligence when determining eligibility for, and the amount of, the EIC, the CTC/ACTC, or the AOTC for a self-employed individual, tax preparer is required to ask additional questions to determine whether the Schedule C is correct and complete (**Form 11652 required**). Failure to meet the EIC, CTC/ACTC, or the AOTC due diligence requirements could result in a \$510 penalty for each failure. See section 6695(g) and Regulation section 1.6695-2(b.) Have you provided all forms necessary to prove dependency? Yes \_\_\_\_\_ Forms completed based on your responses. Yes \_\_\_\_\_
4. Provided all pertinent information regarding health insurance coverage for ourselves & dependents. To the best of my knowledge and belief the information &/or responses provided are true, correct, & complete. Yes \_\_\_\_\_

**Tax preparers can be reprimanded/penalized or lose their license to practice for failure to comply with these strict IRS mandates.**

\_\_\_\_\_  
Taxpayer's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Spouse's Signature

\_\_\_\_\_  
Date