



## **INCOME TAX RETURN ENGAGEMENT LETTER**

Client(s) Name(s) \_\_\_\_\_

1. We are pleased to confirm our understanding of the arrangements for your income tax return(s). This letter confirms the services you have asked our firm to perform and the terms under which we have agreed to do that work. Please read this letter carefully because it is important to both our firm and you that you understand what you can and cannot expect from our work. In other words, we want you to know the limitations of the services you have asked us to perform. If you are confused at all by this letter or believe we have misunderstood what you need, please call to discuss this letter before you sign it.

2. This engagement letter represents the entire agreement regarding the services described herein and supersedes all prior negotiations, proposals, representations or agreements, written or oral, regarding these services. The Internal Revenue Service imposes penalties on taxpayers, and on us as return preparers, for failure to observe due care in reporting for income tax returns. In order to ensure an understanding of our mutual responsibilities, we ask all clients for whom we prepare tax returns to confirm the following arrangements.

### **Tax Preparer Responsibilities**

3. We will prepare your \_\_\_\_\_ Federal Income Tax Form \_\_\_\_\_ and **Specific State(s):** \_\_\_\_\_ Income Tax Forms and related federal and **Specific State(s)** income tax return schedules from information you furnish us. We will not audit, review, compile or otherwise verify the data you submit although we may ask you to clarify some of the information. We are not responsible for returns prepared by other preparers. We may furnish you with tax organizers and questionnaires to help you gather and organize the necessary information for us, in order to keep our fee to a minimum. **If you have taxable activity in a state other than that specifically listed you are responsible for providing our firm with all information necessary to prepare any additional applicable state(s) or local income tax return(s) as well as informing us of the applicable states. We will prepare only those state returns specifically listed above.**

**4. We are responsible for preparing only the specific individual income tax forms for the specified reporting agencies listed in this letter. Any other required services, forms or other actions on our part require a separate engagement letter. In the absence of written communications from us documenting such services, our services will be limited to and governed by the terms of this engagement letter.**

### **Taxpayer Responsibilities**

5. Please note that any person or entity subject to the jurisdiction of the United States (includes individuals, corporations, partnerships, trusts, and estates) having a financial interest in, or signature or other authority over, bank accounts, securities, or other financial accounts having an aggregate value exceeding \$10,000 in a foreign country, shall report such a relationship. Although there are some limited exceptions, filing requirements also apply to taxpayers that have direct or indirect control over a foreign or domestic entity with foreign financial accounts, even if the taxpayer does not have foreign accounts(s). For example, a corporate-owned foreign account would require filings by the corporation and by the individual corporate officers with signature authority. Failure to disclose the required information to the U.S. Department of the Treasury may result in substantial civil and/or criminal penalties. Such disclosure includes filing Form 8938 with this engagements tax return. **If you do not provide our firm with information regarding any interest you may have in a foreign account, we will not be able to prepare any of the required Income Tax related forms and penalties may be due, for which we have no responsibility. In the absence of such information being provided we will presume you do not have any foreign assets or financial interests and will not file any applicable disclosure forms without separate written authorization.**

6. If you and/or your entity have a financial interest in any foreign accounts, you are responsible for filing Form FinCen 114 required by the U.S. Department of the Treasury on or before June 30<sup>th</sup> each tax year.

7. In addition, currently the Internal Revenue Service, under IRC 6038 and 6046, requires information reporting if you are an officer, director, or shareholder with respect to certain foreign corporations (Form 5471); foreign-owned U.S. corporation or foreign corporation engaged in a U.S. trade or business (Form 5472); U.S. transferor of property to a foreign corporation (Form 926); and, for taxable years beginning after March 18, 2010, if you hold foreign financial assets with an aggregate value exceeding \$50,000 (Form 8938). These code sections describe the information required to be reported on the respective forms, which are due when your income tax return is due, including extensions. Therefore, if you fall into one of the above categories **you** may be required to file one of the above listed forms.

Failure to timely file may result in substantial monetary penalties. By your signature below, you accept responsibility for informing us if you believe that you fall into one of the above categories and you agree to provide us with the information necessary to prepare the appropriate form(s). We assume no liability for penalties associated with the failure to file or untimely filing of any of these forms.

#### Other Items

**8. Our fee does not include responding to inquiries or examination by taxing authorities or third parties, for which you will be separately billed. However, we are available to represent you and our fees for such services will be set prior to representing you and will be covered under a separate engagement letter. You agree to immediately notify us upon the receipt of any correspondence from any agency covered by this letter. Please do not respond to or click on any links from emails purportedly from the IRS; the IRS may or may not initiate correspondence via email and any such emails may be an attempt to steal your identity. Additionally in order to protect the identity of new clients, we are required to verify your ID, birthdate, and social security number during our initial onboarding process and possibly at other times.**

9. It is your responsibility to maintain, in your records, the documentation necessary to support the data used in preparing your tax returns, including but not limited to the auto, travel, entertainment, and related expenses and the required documents to support charitable contributions for a minimum of three years from the filing date. If you have any questions as to the type of records required, please ask us for advice in that regard. It is also your responsibility to carefully examine and approve your completed tax returns before signing and mailing them to the tax authorities, or before providing us with signed E-file authorization(s). We are not responsible for the disallowance of doubtful deductions or inadequately supported documentation, or for any resulting taxes, penalties and interest. We will rely, without further verification, upon information you provide to us from 3rd parties including, but not limited to, K1's, 1099's, 1098's, and receipts and similar items. **WE DO NOT automatically file tax extensions for clients. You must notify us in writing, email or fax if you wish us to file an extension, and the notification should include your estimate of any balance due with the extension. We must receive your information no less than 14 days prior to the return due date in order to complete your return in a timely manner and information received after that date may cause your return to be extended or otherwise completed after the due date.** Failure to file an extension may make you subject to various penalties and interest. Additionally, if your return is extended, it does not relieve you from paying any tax due on the due date, or making quarterly estimated tax payments for the subsequent year. Failure to pay any tax due with the extension or failure to pay quarterly estimated tax payments may subject you to various penalties and interest.

10. We will use our professional judgment in preparing your returns. Whenever we are aware that a possibly applicable tax law is unclear or that there are conflicting interpretations of the law by authorities (e.g., tax agencies and courts), we will explain the possible positions that 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, regulations, and interpretations that have been promulgated. If the Internal Revenue Service should later contest the position taken, there may be an assessment of additional tax plus interest and penalty. We assume no liability for any such additional penalties or assessments. **When a self-employed taxpayer reduces taxable income there is also a reduction in earned income reported to the Social Security Administration, which could reduce current and future benefits for the taxpayer and his or her dependents. You acknowledge and agree to the current tax reduction and the potential negative effects on future social security benefits for you, your spouse and any dependents.**

11. New privacy laws were established by the IRS effective January 1, 2009 and we are now prohibited from providing confidential information or copies to anyone other than you without your specific, written authorization. **Accordingly, no confidential information will be sent to any third party regardless of written authorization.** Furthermore, to comply with these new regulations we provide all copies of all returns to you in a secure web portal (paper copy for those without computer access). Your use of this portal is limited to lawful financial related documents in compliance with our written portal usage policy and will be maintained and accessible solely in accordance with our policy for no more than 30 days after any notification of termination of services by either party, after which it will be electronically deleted. Our portal policy is available on request. In the interest of maintaining service quality and timeliness, we may use a third party service provider to assist us in the use of technology to facilitate compliance with disclosure and storage of your financial information. The provider has established procedures and controls designed to protect client confidentiality and maintain data security.

12. If we are asked to disclose any privileged communication, unless we are required to disclose the communication by law, we will not provide such disclosure until you have had an opportunity to argue that the communication is privileged. You agree to pay any and all reasonable expenses that we incur, including legal fees, that are a result of attempts to protect any communication as privileged. In addition, your confidentiality privilege can be inadvertently waived if you discuss the contents of any privileged communication with a third party, such as a lending institution, a friend, or a business associate. We recommend that you contact us before releasing information to a third party.

13. It is our policy to keep records related to this engagement for three years after which they are destroyed. However, we do not keep any original client records, which will return those to you by the completion of the services rendered under this engagement. 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. Prior to each filing season we will make available a client tax organizer and would be happy to send you one, if requested.

14. As outlined above, in the interest of facilitating our services to you, we utilize a secure web portal. Your use of this portal must comply with our standards of use. As the owner of the portal, we retain the right to limit the use of and will deny use of the portal for inappropriate purposes. Your access to files maintained on the portal will be terminated no later than 30 days after the earlier of your or our termination of services under this agreement or the original due date of your return, unless we are notified in writing of your desire to extend your tax return. Portals are password protected. While we will use our best efforts to keep such communications secure in accordance with our obligations under applicable laws and professional standards, you recognize and accept that we have no control over the unauthorized interception of these communications once they have been sent, and consent herby to hold us harmless for their use while under engagement with you.

15. From time to time during our relationship, you may seek our advice with regard to potential investments. **We are not investment advisors unless specifically and in writing by separate agreement hired for that purpose.** Accordingly, we suggest that you seek the advice of qualified investment advisors appropriate to each investment being considered. Unless otherwise specifically agreed to in a separate engagement letter signed by both parties, we will not advise you regarding the economic viability or consequences of an investment or whether you should or should not make a particular investment. **Any investment discussions between us is not investment advice.**

16. **Fees are due prior to e-filing your return(s).** Billings, if any, become delinquent if not paid within 30 days of the invoice date. If billings are not paid within 30 days of the invoice date, at our election, we may stop all work at our discretion until your account is brought current. Or, we may withdraw from this engagement. You acknowledge and agree that we are not required to continue work in the event of your failure to pay on a timely basis for services rendered as required by this or any other active engagement related to you or any related business. You further acknowledge and agree that in the event we stop work or withdraw from this engagement as a result of failure to pay on a timely basis for services rendered as required by this or any other engagement related to you or any related business, we shall not be liable to you for any damages that occur as a result of our ceasing to render services. This includes late filed returns. Our services will conclude upon delivery of the completed income tax returns discussed above or upon our suspension of services or resignation from the engagement.

17. In recognition of the relative risks and benefits of this agreement to both the client and JF Bell Group, P.C., both parties therein have agreed upon the fair allocation of risk between them. As such, the client agrees, to the fullest extent permitted by law, to limit the liability of JF Bell Group P.C. to the client for any and all claims, losses, costs, and damages of any nature whatsoever, so that the total aggregate liability of JF Bell Group P.C. to the client shall not exceed JF Bell Group P.C.'s total fee for services rendered under this agreement. The client and JF Bell Group P.C. intend and agree that this limitation apply to any and all liability or cause of action against JF Bell Group P.C., however alleged or arising, unless otherwise prohibited by law. Both parties agree that there is a one-year limitation period to bring a claim against us for errors and omissions. The one-year period will begin upon the date of the tax professional's signature on the tax returns or e-file authorization.

18. Any applicable Engagement Letter Addendum(s) we deem necessary, including those for compliance with the Affordable Care Act and the Repair & Capitalization regulations, automatically become part of this agreement upon execution of said addendum.

19. We appreciate the opportunity to serve you. Please date and sign this letter to acknowledge your agreement with and acceptance of your responsibilities and the terms of this engagement. It is our policy to initiate services after we receive the executed engagement letter. If any provision of this agreement is declared invalid or unenforceable, no other provision of this agreement is affected and all other provisions remain in full force and effect.

Sincerely,

JF Bell Group, P.C.

**I have read the above terms of the engagement letter, hereby certify that I am authorized to enter into this agreement on behalf of the hereinbefore referred Client, and agree to the terms and conditions of this engagement.**

\_\_\_\_\_ (Client Signature) \_\_\_\_\_ (Date)