

## Engagement Letter-Individual Tax Services

Dear Client,

We are writing to confirm the arrangements for our services. Please read this letter carefully, since it is important that there is a mutual understanding for both you and our firm of what you can expect from our work.

We will prepare your individual federal and state income tax returns for 2016 and estimated tax vouchers for 2017 from the information you furnish using our in-house tax preparation software. We will not audit or otherwise verify the data you submit, although we may ask you to clarify some of it. In order to minimize your preparation fee, we will provide you with an organizer and questionnaire to help you gather the necessary information. When possible, we will resolve questions involving application of tax rules in your favor if there is reasonable justification for it.

We will prepare these returns in the e-file format unless you specifically request otherwise and complete the necessary forms to opt out of this requirement. For either method, you will receive a complete paper copy of all tax returns prepared by us. It is your responsibility to carefully examine and approve your completed tax returns before signing the e-file authorization forms. Any changes necessitating revised or amended tax returns will be billed to you accordingly. Although our firm will use our best efforts to ensure that your returns are successfully transmitted to the appropriate taxing authorities, we will not be responsible for electronic transmission rejections or other errors that arise after your tax returns have been submitted by our office. E-file authorization forms must be returned to us by April 17, 2017 or we will automatically prepare an extension of time for filing your 2016 tax returns.

If it is necessary to request an extension of time to file your tax returns or to prepare a projection of your taxable income and tax liabilities, we will use estimates for these calculations. Any difference between these estimates and the actual amounts may result in additional tax liabilities and potential interest and penalties. Any necessary extension requests will be submitted to the IRS directly from our computer via e-file.

**In order for us to complete your tax returns for filing by April 18, 2017, we must receive your complete preparation information by March 3, 2017. If we do not have all information by this deadline, we will automatically e-file an extension request on your behalf. If you are one of these extension clients, the final filing deadline is October 16, 2017. If we have not received your information by September 18, 2017, we cannot guarantee that your tax returns will be completed by the final filing deadline of October 16, 2017. You will also be responsible for any late filing and/or late payment penalties and interest due to the taxing authorities.**

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All the information you submit to us must, to the best of your knowledge, be correct and complete, and must include all income, deductions and other data necessary for the preparation of your income tax returns. **You are responsible for providing us with all forms 1099 and 1098 for any income or deductions reported to the IRS prior to the completion of your tax returns.** You are responsible for keeping the necessary records of your personal and business deductions, and of personal and business use of any property during 2016. This includes maintaining accurate records relating to business meals, travel, entertainment, vehicle use, gifts and charitable donations. We are not responsible for the disallowance of doubtful deductions or inadequately supported documentation, nor for resulting taxes, penalties and interest.

It is our policy to keep records related to this engagement for 7 years for discontinued clients or ongoing clients. However, we do not keep any of your original records provided, so we will return those to you at 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. If you are unsure as to how to best maintain your records, please let us know and we can review this with you.

As your CPA, we are required to keep all information about your tax preparation engagement confidential. We will not disclose any of your information unless we have your approval or we are required by law. We are committed to protecting your confidential information from outside sources by maintaining physical, electronic and procedural safeguards. Any documents that are requested by banks, lenders or other financial organizations need your written authorization in order for us to comply. Any documents that are sent electronically from our office that contain your social security number or other sensitive information will be sent via an encrypted software program. We encourage you to submit documents to us electronically only if they have been properly secured by a password or other form of security. Under federal law, the attorney-client privilege has been extended to some but not all communications between a client and the CPA. However, communications solely concerning the preparation of a tax return will not be privileged as far as the IRS or federal government is concerned. Therefore, by law we are required to disclose what may be considered confidential information if requested by the IRS or federal government.

We will also be available to answer your inquiries on specific tax matters and to consult with you on income tax, financial, and estate planning. To make our services more constructive, we will offer suggestions from time to time. If requested, we will provide a "lender verification" letter. However, we are only able to confirm that we prepared your tax returns and we included specific forms. Such services provided during the year are not included in your tax preparation fee and will be billed to you as our services are requested.

The Affordable Care Act (ACA) added various new health insurance mandates, penalties, and credits beginning in 2014. Our services in connection with this engagement are not designed to address the legal or regulatory aspects of your compliance with the Affordable Care Act. In preparing your individual tax returns, we will rely solely on the information you provide us regarding the ACA mandates and you agree to accept full responsibility for the accuracy and completeness of this information, as well as your compliance with the ACA. As such, we will not be responsible for any taxes, penalties, or interest that may be assessed.

Although our tax advice and tax preparation services represent our best professional opinion, there is uncertainty inherent in future IRS and court rulings. IRS positions are subject to retroactive change. Slight changes in the facts may alter the result. Opinions of courts often conflict and judicial thought is subject to change. There are areas of tax treatment that are still unsettled and many important areas that the IRS has not issued regulations on. We therefore cannot guarantee the accuracy of your tax return or any extension requests although it represents our best professional judgement.

Whenever we are aware that possible applicable tax law is unclear or that there are conflicting interpretations of the law by authorities, we will explain the possible positions which may be taken on your return. In accordance with our professional standards, we will follow whatever position you request on your return so long as it is consistent with the code, regulations and interpretations which have been promulgated. If the federal or state governments should later contest the position taken, there may be an

assessment of additional tax plus interest and penalties. We assume no liability for any such additional penalties, interest or assessments.

Your returns are, of course, subject to review by the taxing authorities. Any items resolved against you by the examining agent are subject to certain rights of appeal. In the event of an examination, we will be available to represent you or instruct you on how to represent yourself, and will render a bill to you for these additional services based on the amount of time required.

Our fee will be based on the amount of time required for tax services at our standard billing rates plus out-of-pocket expenses and computer processing costs. Our standard billing rates range from \$50 to \$175 per hour depending on the staff level and experience of the individual. We believe these rates approximate those of other high-quality CPA firms. Our invoices are due and payable on presentation. Billing becomes delinquent if not paid within four weeks of the invoice date. A late charge will be applied to the unpaid amount at the rate of 1% per month. We reserve the right to stop work on any account that is 90 days past due, in accordance with our firm's current collection policy. We encourage you to call us if there are any questions on our bills. We want you to understand the services we provide and the benefits derived from using an experienced and qualified Certified Public Accounting firm.

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Our procedures for preparing your returns will include the following steps in order to provide you with work of the highest quality.

<u>Steps:</u>	<u>Performed by:</u>
1. Interview & document organization	Partners
2. Data entry & computer output check	Accounting Staff
3. Overall accuracy check	Partners
4. Assemble completed returns	Clerical Staff
5. Final review and signature	Partners

We feel that the above steps are a minimum to ensure a quality product that is carefully considered and as free from errors as possible. It is still important, however, that you carefully examine and approve your completed tax returns before signing the e-file authorization forms or before signing and mailing the tax returns to the government. Any changes or corrections that you subsequently discover could necessitate an amended tax return. Our fee for amended tax returns will be billed to you separately.

If the above fairly sets forth your understanding of our services, please sign this letter and return it to us at the time of your interview or with your tax package. The enclosed copy is for your files. We are pleased to have you as a client and look forward to a long and mutually satisfying relationship.

Sincerely,

Crews & Konrad, CPA's

Your Signature \_\_\_\_\_ Date \_\_\_\_\_

Phone Number \_\_\_\_\_

Email \_\_\_\_\_