

Income Tax Return Annual Engagement Letter

I am pleased to confirm our understanding of the arrangements for your income tax return(s). This letter confirms the services you have asked Debbie's Tax Facts to perform and the terms under which I have agreed to do that work. Please read this letter carefully because it is important to both me and you that you understand what you can and cannot expect from my service.

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 both taxpayers and tax professionals. The penalty for the tax professional is for failure to observe due care in reporting information given by taxpayer to prepare their income tax returns. In order to ensure an understanding of our mutual responsibilities, I ask all clients for whom I prepare tax returns to confirm the following arrangements.

Tax Preparer Responsibilities:

I will prepare your _____(tax year) Federal and Minnesota Individual or Business Income Tax Forms and related Federal and State schedules from the information you provide to me. ***If you have taxable activity in a state other than Minnesota you are responsible for providing Debbie's Tax Facts with all information necessary to prepare any additional applicable state(s) or local income tax returns as well as informing me of the applicable states, please specify State _____ . I will prepare only those state returns specifically listed above.***

I will not audit, review, compile, or otherwise verify the data you submit, although, I may ask you to clarify some of the information. I will use my professional judgment in preparing your returns. Whenever I am 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), I will explain the possible positions that may be taken on your return. I will then 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 penalties. Debbie's Tax Facts assumes 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.

I will keep records related to this engagement for three years after which they are destroyed. However, I do not keep any original client records, so I will return those to you at the completion of the services rendered. When records are returned to you, it is your responsibility to retain for future use, including potential examination by any government or regulatory agencies.

Unless specify by me, All fees are due upon completion of services render. E-file/transmission will not occur until payment is received. You will be responsible for any penalties and interest for late filing due to delay caused by lack of timely payment to Debbie's Tax Facts, Copies of tax returns including emails will not be supplied until invoice is paid. My fee includes general tax questions and simple tax planning throughout the year. Any issues that require more detailed planning will be subject to an additional fee, which will be determined before proceeding. **Up to my discretion, I may request a retainer or down payment before my work will begin.** My fee does not include responding to inquiries or examination (audit) by taxing authorities, or amended tax returns you will be separately billed for time and expenses involved. However, I am available to represent you and my fees for such services are not part of my standard rates and would be covered under a separate engagement letter. You agree to immediately notify me upon the receipt of any correspondence from IRS or any agency covered by this letter.

Billings become delinquent if not paid within 30 days of the invoice date. If tax return is not picked-up or paid within 30 days, I reserve the right to charge 2% finance charges. If billings are not paid within 60 days of the invoice date, at my election, I may stop all work at my discretion until your account is brought current, or I may withdraw from this engagement. You acknowledge and agree that I am not required to continue work in the event of your failure to pay on a timely basis for services rendered as required by this engagement letter. You further acknowledge and agree that in the event I stop work or withdraw from this engagement as a result of your failure to pay on a timely basis for services rendered as required by this engagement letter, I shall not be liable to you for any damages that occur as a result of me ceasing to render services. My services will conclude upon delivery of the completed income tax returns discussed above or upon my suspension of services or resignation from the engagement.

If I have made an error on your tax return, I will respond accordingly at no charge to you. If an error has been caused by you, then I will charge for my time to resolve the issue. I am not responsible for the disallowance of doubtful deductions or inadequately supported documentation, nor for resulting taxes, penalties, and interest. I will prepare the return based on information provided by you. I will rely, without further verification, upon information you provide to me from 3rd parties including, but not limited to, K-1's, 1099's, 1098's, receipts, and similar items. If there is a preparer error on a tax return prepared by me, I will cover any correspondences, amendments, etc in relation to fixing that issue. I will also reimburse you for penalties and interest associated to that specific error. Income taxes due will be your responsibility.

You, the client, agrees to limit the liability of Debbie's Tax Facts, to the client for any and all claims, losses, costs, and damages of any nature whatsoever, so that the total aggregate liability of Debbie's Tax Facts, to the client shall not exceed Debbie's Tax Facts, total fee for services rendered under this agreement. The client and Debbie's Tax Facts intend and agree that this limitation apply to any and all liability or cause of action against Debbie's Tax Facts, 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 Debbie's Tax Facts for errors and omissions. The one-year period will begin upon the date of the tax professional's signature on the tax returns covered by this engagement letter.

Client Responsibilities:

You will provide all necessary documentation, including additional pertinent information requested by me, in order for me to prepare a complete and accurate income tax return. If you provide incorrect or incomplete documentation and subsequently receive correspondence from a taxing authority, there will be a charge for any amended tax returns and/or related communication. You will also be liable for any additional taxes, penalties and interest that may be assessed. If you discover, after your tax return has been prepared but not yet filed, that you neglected to provide all documentation there will be a re-print fee of \$45.

It is your responsibility to maintain, 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 three years from the filing date. If you have any questions as to the type of records required, please ask me for advice in that regard. It is also your responsibility to carefully examine and approve your completed tax returns before signing. I am not responsible for the disallowance of doubtful deductions or inadequately supported documentation, nor for resulting taxes, penalties and interest. I will rely, without further verification, upon information you provide to me from 3rd parties including, but not limited to, K1's, 1099's, 1098's, and receipts and similar items.

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 account(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 Form 1040. ***If you do not provide Debbie's Tax Facts with information regarding any interest you may have in a foreign account, I will not be able to prepare any of the required Income Tax related forms and penalties may be due, for which I have no responsibility. In the absence of such information being provided I will presume you do not have any foreign assets or financial interests and will not file any applicable disclosure forms without separate written authorization.***

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 30th of each tax year.

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 me.

You agree to immediately notify me upon the receipt of any correspondence from IRS or any agency covered by this letter. Please do not respond to or click on any links from emails purportedly from the IRS-the IRS never initiates correspondence via email and any such emails are attempts to steal your identity. Beware of phone scams; this is also a attempt to steal your identity. IRS does not call; threaten you with jail time or demand payment. If you receive such a call, please response by saying "I am exercising my right as a taxpayer for representation, I will contact her and have her give you a call." Additionally in order to protect your identity I may need to verify your ID, birthdate and social security number when you call or visiting my office.

Other items:

New privacy laws were established by the IRS effective January 1, 2009 and I am now prohibited from providing confidential information or copies to anyone other than you without your specific, written authorization. If I am asked to disclose any privileged communication, unless I am required to disclose the communication by law, I will not provide such disclosure until written authorization is received. 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. I recommend that you contact me before releasing information to a third party.

You may seek my advice with regard to potential investments. I am not an investment advisor. Accordingly, I will suggest that you seek the advice of qualified investment advisors appropriate to each investment being considered. I will not advise you regarding the economic viability or consequences of an investment or whether you should or should not make a particular investment.

From time to time various third parties may request that I sign, for you, some verification of income, employment or tax filing status. Because I was engaged only to prepare your income tax return, without examination, review, audit or verification our insurance carriers as well as the state board of accountancy prohibit me from signing any such document and I suggest that you have them send IRS Form 4506 to the IRS to obtain such verification.

I must receive your information by April 1 in order to complete your return in a timely manner and information received after that date may cause your return to be extended and completed after the April 15 due date and for extensions must receive information by October 1 to be completed by extension due date of October 15.

I DO NOT automatically file tax extensions for clients-you must notify me by phone, in writing, email or fax if you wish me to file an extension, and the notification should include your estimate of any balance due with the extension. I will file extensions at no charge. Discount of 10% will be applied to your total fee if you request an extension. 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 current year. Failure to pay any tax due with the extension or failure to pay quarterly estimated tax payments may make you subject to various penalties and interest. **NOTE, EXTENSIONS ARE FOR GETTING THE PAPERWORK FILED. NOT FOR PAYING TAXES THAT YOU OWE. In order to avoid penalties, pay estimated balance due by April 15.**

I appreciate the opportunity to serve you. Please date and sign this letter to acknowledge your agreement with acceptance of your responsibilities and the terms of this engagement. 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.

Preparer Signature: _____

Date: _____ / _____ / _____

Client Signature: _____

I have read the above terms of the engagement letter and agree with the terms of this engagement.

Date: _____ / _____ / _____

Client Signature: _____

I have read the above terms of the engagement letter and agree with the terms of this engagement.

Date: _____ / _____ / _____