

Please check here if you would like your tax return e-mailed to you

And enter the e-mail address you would like us to use: \_\_\_\_\_

(with the slowdown of mail delivery service we recommend you select the e-mail option to insure your timely receipt of your tax return).

or

Please check here if you would prefer a paper copy of your tax return mailed to you.

## The Accountants Group, Inc.

### 2022 Engagement Letter – Business

Current requirements of our profession require that we formalize the arrangements and conditions of our engagement. We therefore submit this letter to you and would like to emphasize the following matters pertaining to our engagement:

1. You represent to us that the tax data you have given us includes all the worldwide income you received during the year from all sources.
2. We do not intend to audit or otherwise verify the data you submit, even though we may ask you to clarify some of it.
3. Section 274(d) of the Internal Revenue Code (IRC) provides that no deduction or credit shall be allowed for any traveling expense, entertainment expense, business gifts, home office expenses or for the use of “listed property” (this term includes automobiles and other property used as a means of transportation, property used for entertainment purposes, and computers), unless the taxpayer provides certain substantiation by adequate contemporaneously maintained records or by sufficient evidence corroborating the taxpayer’s own statement. The Internal Revenue Service (IRS) has issued regulations which set forth in detail the record keeping requirements which will satisfy the substantiation requirements. We will rely upon your statement of compliance with the substantiation requirements of Section 274(d).
4. As you are aware, your returns are subject to review by 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. We should be contacted immediately if you are contacted by taxing authorities for any reason.

This agreement is continued on the back of this letter and the content of the items on the second page are included in this agreement.

By signing this Engagement Letter, I hereby authorize The Accountants Group, Inc., to prepare the Company Income Tax Returns and acknowledge that I have read, understand and agree with all of the items listed and the conditions set forth in this Engagement Letter and acknowledge that I (we) have: the appropriate receipts, logs and records to document the deductions that have been included on the tax return(s); I (we) have provided all relevant information regarding the filing of Form 1099; I (we) have provided all relevant information regarding Cryptocurrency transactions and Foreign accounts..

\_\_\_\_\_  
Company Name

\_\_\_\_\_  
Fiscal Year ending

\_\_\_\_\_  
Signature of Owner, Partner or Officer

\_\_\_\_\_  
Title

\_\_\_\_\_  
Printed name of Signature above

\_\_\_\_\_  
Date

**NOTE: WE WILL NOT BE ABLE TO FILE YOUR TAX RETURNS UNTIL WE HAVE A SIGNED COPY OF THIS LETTER**

The IRC provides for interest several penalties which may be imposed by the IRS. Most of these penalties provide for assessment only in the event of some wrongdoing or negligence on the part of the taxpayer. However, a 20% penalty may be imposed even though there is no fraud or willfulness on your part if the tax reported is understated by 10% or \$5,000, whichever is greater. The only way to avoid this penalty is to show that there was either “substantial authority” for the position taken or to make “adequate disclosure” on the return that the position taken is at variance with an IRS position in published rulings, regulations, or court cases. You acknowledge that you are aware of this penalty and that we have included such disclosures as you requested on your tax return therefore, The Accountants Group, Inc. will assume no responsibility for this penalty.

5. IRS regulations, as outlined in Publication 230, set out specific standards and requirements that must be met in order for advice to qualify as Federal Tax Advice for the purposes of avoiding any penalties that the IRS may seek to impose. These are very detailed and specific rules and it is our intention to **NOT** provide advice that complies with these IRS regulations and rulings. We hereby advise you that any advice that you receive from us is not Federal Tax Advice as outlined in the regulations and is not intended to qualify as “substantial authority” or “Federal Tax Advice” for the purposes of exempting you from IRS penalties.

Should you require written advice that will qualify for the purpose of exempting you from IRS penalties we will be happy to refer you to an attorney that specializes in income, estate, or gift taxation for the purpose of obtaining such written federal tax advice.

6. We have discussed Revenue Rule 2004-32 that pertains to home-based businesses and frivolous positions taken on returns for home-based businesses. You acknowledge that you understand these rules and state that if there is a home-based business on the return, it is engaged in for profit and that The Accountants Group has not advised you to take frivolous deductions.
7. 1099’s, we have discussed the requirement to file form 1099 for your business. You are aware that there are significant penalties for not filing these forms and that there is a question on the return that indicates whether or not you were required to file the form and whether or not you have actually filed the forms. You certify that the answer that appears on the income tax return is correct therefore we assume no responsibility for this penalty.
8. Our record retention policy requires that we return all original records and/or documents with your return. We do maintain a copy of some of these documents and we occasionally prepare work-papers to support entries on your tax return. We retain these records for at least four years before they are destroyed. You should be aware that there could be errors, catastrophic events, or physical deterioration that will make these records unavailable if they are needed and we recommend that you personally maintain a complete copy of your tax return and all supporting documentation.
9. Our policy is to reimburse our clients for penalties and interest (not the tax) that may be imposed by the IRS if there are errors on the tax return. This reimbursement is limited to penalties and interest that were assessed due to our errors or omissions while completing your return, with a maximum of our fee for preparing the return.
10. Foreign Accounts: While it is not illegal to maintain financial accounts in foreign countries you may be required to file Form FinCEN 114 and/or Form 8938. We have discussed the filing requirements for forms FinCEN 114 and 8938. You have been advised that an “interest” in foreign account includes bank accounts, stocks, trusts, partnerships and signature authority (even if the money in the account is not yours). Your response, if a Form 8938 is required, is reflected on the form. The filing of Treasury Form FinCEN 114 is not part of our normal tax preparation service. We will be happy to prepare this form for you but it is not included as a part of your income tax preparation service or fee. You should be aware that there are substantial penalties for not filing form 8938 and/or FinCEN 114.
11. The IRS has issued regulations relating to the reporting of Crypto Assets (Bitcoin, Coinbase, non-fungible tokens (NFT), etc.) transactions and has included a question on the company tax return relating to the existence of such transactions. We have discussed this with you and the answer you have provided is reflected on the company income tax return.
12. You agree to pay us for providing accounting and tax preparation services at our normal billing rates. We are occasionally required to attend court hearings, depositions, provide documents and otherwise incur time or expenses responding to third parties due to our relationship with you. We will invoice you for our expenses (including reasonable attorney fees) and time spent at these activities at our normal billing rates. To the extent possible, we will advise you of these expenses and/or expected fees and obtain your permission, however, we may be required to incur these expenses even if you do not agree. You agree to pay invoices that we send you for providing such services within thirty days of receipt of such invoice and to reimburse us for all collection costs, including collection agency and attorney fees, should you not pay our invoice(s).