

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 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 Personal Engagement Letter**

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 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, and property used for entertainment purposes, 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 that satisfy the substantiation requirements. You have advised us that you are in compliance with the substantiation requirements of Section 274(d).
4. You should note that the IRC provides for interest and 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 will assume no responsibility for this penalty.
5. You have been advised of the filing requirements for any Domestic Workers (e.g., babysitters, house cleaners, yard workers, cooks, drivers, etc.), the "Nanny Tax", that you may have employed during the year. We have requested information regarding such employees and all the data provided by you is included on your tax return.

This agreement is continued on the back of this letter and on page 3, the content of the items on the second and third pages are included in this agreement.

By signing this Engagement Letter, I certify that I have disclosed all my (our) income, that all of the data shown on the return was provided by me (us) and that the income and deductions are, to the best of my knowledge, accurate and complete. I hereby authorize The Accountants Group, Inc., to prepare my (our) 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) and have advised The Accountants Group of any foreign financial accounts I (we) have and any Crypto asset transactions that I/we have made.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Please print name

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

6. Divorced taxpayers and/or taxpayers with a pending divorce. We have advised you that there may be elections and/or deductions that affect each of you differently and have recommended you each seek independent tax advice. For example: Taxpayers filing a joint return are each liable for taxes that are owed on the return and will each be responsible for the payment of additional taxes caused by an IRS or state adjustment or audit of the tax return. While it is possible that the taxes owed or the refund will be larger for one of you, filing a joint return may generate the lowest combined tax.

By signing this Engagement Letter, you have elected to have us prepare both of your tax returns and will not hold us responsible if there is anything on the return regarding elections or allocations that cause you to have a smaller refund or owe additional taxes.

7. IRS regulations set out specific standards and requirements that must be met 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.

8. Should you have a Schedule C for a home-based business included in your tax return, 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.

9. Current IRS regulations require that you have proof of any charitable contribution of cash or checks up to \$250.00 and, for individual charitable contributions of \$250.00 or more, requires that, prior to filing your return, you have a receipt for the contribution that details the date of the gift, the amount of cash and/or a description (but not value) of any property donated, whether or not you received anything from the charity for your contribution, and a description and good faith estimate of the value of any goods or services provided by the charity. If the services provided consisted of intangible religious benefits, the charity needs to provide a statement to that effect. Additionally, the quality of all contributions of clothing and household items must be at least “good”. You acknowledge that you have complied with these requirements.

10. 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 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.

11. We have asked you whether you have an interest in any foreign bank or investment accounts and explained the filing requirements for FinCEN Form 114 and IRS Form 8938. You have also 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). The answer that you have provided is shown at the bottom of Schedule B and/or on Form 8938. The filing of FinCEN Form 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 acknowledge that we have advised you that there are substantial penalties for not filing Form 8938 and/or FinCEN Form 114.

12. 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 your tax return relating to the existence of such transactions. We have discussed this with you and the answer you have provided is reflected on your income tax return.

13. Should there be an Earned Income Credit, Child Credit or Education Credits on your return or if you are using Head of Household filing status, you hereby acknowledge that we asked you certain questions that are documented on Form 8867 and/or the checklist in our file. You certify that you have accurately answered these

questions and agree that The Accountants Group will not reimburse you for any IRS assessed penalties, taxes, or interest due to incorrect or incomplete answers.

14. Your returns are subject to review and audit 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 strongly recommend you contact us immediately should you receive any correspondence from or be otherwise contacted by any taxing authority.

15. 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.

16. 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.

17. We prepared your return(s) for the purpose of complying with the various Federal and State income tax filing requirements. We did not prepare these forms to benefit or influence any third party to obtain credit or for any other purpose. As a result, you agree to indemnify (including payment for our time at normal billing rates, all expenses, and reasonable legal fees) and hold harmless our firm and any of its principals, employees, agents, or assigns with respect to any and all claims arising from the use of the tax return for any other purpose.

18. We prepared your return using only information that was provided by you. You acknowledge that you will review the return and verify that all the entries are accurate and advise us immediately if there are any misstatements or omissions. You further acknowledge that, while we may have enquired about things you may have omitted, we have not provided the amount for any deduction nor advised you to take deductions you are not entitled to under the law and/or to not report any item of income. You agree to notify us immediately should you find any errors, misstatements, or omissions on your return.

19. Reportable transactions and tax shelter transactions. We have inquired whether you have engaged in any activities that are defined by the IRS as Reportable Transactions as defined in the instructions for Form 8886. We have included any items you have advised us about on Form 8886 and you certify that you have advised us of all required items that need to be reported.

20. You are required to file Form 709 U S Gift Tax return and report any gifts you have made that total more than \$16,000 per individual per year. We will be happy to prepare this form for you, please ask your preparer to let you know the information that we will need.

21. Gifts and inheritances from foreign persons more than \$100,000 and/or if you are the beneficiary of a foreign trust are required to be reported to the IRS. We have inquired whether you have any transactions with foreign persons or have a foreign trust. You have provided the information that is reported on Form 3520 or advised us that you have no transactions to report.

22. 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 and depositions due to our relationship with you. We will invoice you for time spent at these activities at our normal rates. You agree to pay invoices that we send you 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).