

## 2020 INCOME TAX RETURN – INDIVIDUAL ENGAGEMENT LETTER

We appreciate the opportunity to work with you and advise you regarding your income tax. To ensure a complete understanding between us, below is the pertinent information about the services that we propose to render to you. 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.

We will prepare your **2020** Federal and State income tax returns, and any requested dependent's, property tax and/or business license returns from information that you furnish to us. As part of this engagement, we have supplied you with a tax questionnaire. ***This tax questionnaire must be completed in its entirety and signed by you and your spouse.*** If requested by you, or if you are a first-time client, we have furnished you with a tax organizer and/or worksheets as needed to guide you in gathering the necessary information. To the extent we render any services, it will be limited to those tasks we deem necessary for the preparation of the returns only. Any accounting and/or bookkeeping services will be considered "out of scope" of this engagement letter. Prior to the commencement of "out of scope" services, we will discuss with you the nature and extent of the work and provide you with a subsequent engagement letter that clarifies these services.

You (the client) are responsible for determining your state and local tax filing obligations with respect to all state and local tax authorities including but not limited to income, franchise, sales and use, license, and excise taxes. You agree that we (the CPA firm) have no responsibility to research these obligations or to inform you of them. These services are included in your FPA, but it is your responsibility to inform us of all tax forms you are required to file. If you have income tax filing requirements in a given state or local municipality but do not file that return, there could be possible adverse ramifications such as an unlimited statute of limitations, penalties, etc. We will make no audit or other verification of the data you submit, although we may ask you to clarify some of it or furnish us with additional information.

The timeliness of your cooperation is essential to our ability to complete this engagement. Specifically, we must receive sufficient information from which to prepare your returns within a reasonable period of time prior to the applicable filing deadline. Accordingly, we should receive your information by March 29, 2021 to avoid an extension of the due date of your returns. We also reserve the right to suspend our services or withdraw from this engagement. Various penalties and interest are imposed when taxpayers fail to pay the full amount of taxes owed, or fail to file, by the filing due date. Furthermore, additional penalties and interest are imposed when taxpayers fail to remit the proper amount of subsequent year tax estimates. Based on information you have provided to us, we can assist you in determining the correct amount of taxes owed for the current year and subsequent year tax estimates. You acknowledge that any such penalties and interest that arise due to the underestimation of current year taxes owed or subsequent year tax estimates remitted are your responsibility, and that we have no responsibility in that regard. If you would like information on the amounts or the circumstances of these penalties and interest, please contact us.

Your returns, of course, are subject to review by the taxing authorities. Any items that are resolved against you by the examining agent are subject to certain rights of appeal. In the event of a government tax examination, we will be available to represent you. In addition, in the event of a proven preparation error on our part, we guarantee to reimburse you for any penalties and interest you may owe as a result of such error. This guarantee does not extend to penalties and interest resulting from errors and omissions in the data that you provide us.

Our work in connection with the preparation of your returns does not include any procedures designed to disclose illegal acts or other irregularities, should any exist. We may encounter instances where the tax law is unclear, or where there may be conflicts between the taxing authorities' interpretations of the law and other supportable positions. In those instances, we will outline in a written communication each of the reasonable alternative courses of action, including the risks and consequences of each such alternative. In the end, we will adopt, on your behalf, the alternative which you select after having considered the information provided by us. **Pursuant to standards prescribed in IRS Circular 230 and IRC 6694, we are forbidden from signing a tax return unless we have a reasonable belief that a tax position taken on the return will have a more likely than not probability of being sustained on its merits unless**

**we disclose this tax position on a separate attachment to the tax return.** However, under no circumstances will we sign a tax return using a tax position with no reasonable basis.

**Our firm's policy is to electronically file all tax returns that are possible to file electronically. Please note that unless you notify us of your desire not to e-file your return, we will prepare your return to be e-filed.** A copy of your return will be available for your review prior to your authorizing us to electronically transmit your return. You have the final responsibility for your returns and therefore you also agree that you will carefully examine and approve your completed tax returns before signing and submitting them to the tax authorities. Please note that all tax payment due dates remain the same even if your return is e-filed. You must ensure that your payment of any tax balance due is timely remitted on or before April 15, 2020. You have the option to pay your balance due using electronic funds withdrawal. If you instead choose to pay the balance due by mail, payment must be postmarked on or before the due date to avoid penalties.

I understand that it is Fox & Company CPAs, Inc.'s practice to communicate via the most expedient method, specifically through the Client Portal and by email unless you indicate otherwise. Each of these methods has inherent security risks, which could cause disclosure of confidential information. I **do not** wish Fox & Company CPAs, Inc. to communicate with me using the following method(s):

Client Portal	<input type="checkbox"/>	US Postal Service/FedEx/UPS	<input type="checkbox"/>
Email	<input type="checkbox"/>	Fax	<input type="checkbox"/>

I agree to hold Fox & Company CPA, Inc. harmless should any communication not listed be used and/or be intercepted, causing disclosure of confidential information.

Our fees for this engagement are not contingent on the results of our service. Rather, our fees for this engagement will be based on the factors described in your Fixed Price Agreement ("FPA") which is included as a part of this engagement letter. **Payment is due according to the terms you selected upon signing your FPA.** Finance charges at the rate of 1.5% per month (18% per year), with a minimum monthly finance charge of \$5.00 per month, will be billed as stipulated in your FPA. All credit card transactions will include a 3% convenience fee. We reserve the right to suspend our services or to withdraw from this engagement in the event that any of our invoices are deemed delinquent. In the event that any collection action is required to collect unpaid balances due us, you agree to reimburse us for the costs of collection including attorneys' fees.

We typically retain 1040 client tax information for at least four years (three years for former clients). To the extent we accumulate any of your original records during your engagement; those documents will be returned to you promptly upon completion of the engagement.

If the income tax returns we are to prepare in connection with this engagement are joint returns, and because you will each sign those returns, each of you are our clients. You each acknowledge that there is no expectation of privacy from the other concerning our services in connection with this engagement, and we are at liberty to share with either of you, without the prior consent of the other, any and all documents and other information concerning preparation of your returns.

By your signature below, you are confirming to us that the information you are supplying to us is accurate and complete to the best of your knowledge, and that any expenses for meals, entertainment, travel, business gifts, charitable contributions, dues and memberships, and vehicle use are supported by records as required by law.

Any litigation arising out of this engagement, except actions by us to enforce payment of our professional invoices, must be filed within one year from the completion of the engagement, notwithstanding any statutory provision to the contrary, and shall be conducted within the County of Graves, Kentucky, according to Kentucky law. In the event of litigation brought against us, you agree that any judgment you obtain shall be limited in amount, and shall not exceed the amount of the fee charged by us, and paid by you, for the services set forth in this engagement letter.

This engagement letter is contractual in nature and includes all of the relevant terms that will govern the engagement for which it has been prepared. The terms of this letter supersede any prior oral or written representations or commitments by or between the parties. Any material changes or additions to the

terms set forth in this letter will become effective only if evidenced by a written amendment to this letter, signed by all of the parties.

If, after full consideration, you agree to authorize us to prepare your personal income tax returns pursuant to the terms set forth above, please execute this letter on the line(s) below designated for your signature(s), and return the this executed letter to this office along with a completed copy of the tax questionnaire and the supporting documentation requested therein. You should keep a copy of this fully executed letter and tax questionnaire for your records. If our firm does not receive this letter and the tax questionnaire from you, in fully executed form, but receives from you a signed and dated FPA, along with a completed copy of the tax organizer and/or supporting documentation requested therein, then such receipt by this office shall be deemed as evidence of your acceptance of all of the terms set forth above and we will commence with the tax return preparation process. **However, under no circumstances, shall we sign a completed tax return until we receive both the signed engagement letter and the completed and signed tax questionnaire from you.** If this office receives no response to this letter from you, then we will not proceed to provide you with any professional services, and will not prepare your income tax returns.

We want to express our appreciation not only for your business, but also for the confidence in our work that this engagement represents. We trust that our association will be a long and mutually beneficial one!

Sincerely,

Signed:



Laura Clifford, CPA, President  
Fox & Company CPAs, Inc.

\_\_\_\_\_  
(Taxpayer)

\_\_\_\_\_  
Date