



1st Choice Accounting & Tax LLC

Julie Presley, EA - Accountant/Owner

"Enrolled to represent taxpayers before the Internal Revenue Service"



Individual Income Tax Return Preparation Engagement Letter

Thank you for selecting this office to assist you with preparation of your tax returns - US Federal Income Tax Return for 2016 and the applicable state Income Tax Return for 2016. The 2016 Income Tax Return filing deadline is April 18, 2017.

Our continuing goal is to provide you with the type and quality of service that will be most beneficial to you. This letter will confirm our understanding of the services to be rendered by our firm to you. Please read this letter carefully, taxation has become substantially more complex in recent years. We ask that you contact us to discuss any concerns you may have. We will begin work on this engagement after you have signed and returned this document to us. You may elect to sign this Engagement Letter digitally and transmit the document to us electronically.

It is your responsibility to disclose to us all sources of income and to provide us with all deductions necessary to accurately prepare your returns. It is your responsibility to mail the return to the government or, in the case of an electronically filed return, authorize us to transmit the return to the government, on a timely basis.

In order for us to meet our own internal quality guidelines all information necessary to complete your return must be in our possession not less than thirty (30) days in advance of the filing deadline. For example, a return due date of April 15th would necessitate receipt of all information not later than March 15th. In the event that you do not provide all information necessary by the thirty-day deadline you understand and agree that we are not obligated to complete your tax filing(s) by the due date and that any interest, penalties or other consequences are not our fault.

In the event that all information cannot be accurately gathered or processed by the due date of the return, it may become necessary to apply for an extension for your tax returns. If an extension is requested prior to the receipt of documentation, a \$150 deposit will be required before the extension is submitted. The \$150 deposit will be applied to the final tax return preparation fees. We will consult with you before filing any extensions. While an extension will extend the statute of limitations, it is not always possible for us to complete our engagement by the initial due date. An extension of time does not extend the time to pay taxes due.

Our office will prepare the tax returns noted above from information you furnish to us in accordance with the provisions of the Statements on Standards for Tax Services and Circular 230 as promulgated by the American Institute of CPA's and the U.S. Treasury Department respectively.

We encourage you to consider retaining us to evaluate your total tax obligations including other jurisdictions and types of taxes you may owe including but certainly not limited to state taxes in other states and sales/use taxes. Our engagement includes only the tax year noted above for those specific returns and will conclude upon the delivery of the tax returns. We ask that you to consider having us contact you to discuss an engagement with a much broader scope – your overall tax situation. Such an engagement could entail an analysis of your overall tax situation (and perhaps that of your family) and we would charge a separate fee for that work. Remember, you have only hired us to prepare the specific tax returns described above, you could have other tax obligations and we would like to be hired to assist you in identifying other taxes you may owe. Penalties, interest and tax benefits accrued or lost may be significant should other taxes be due. To have us contact you please check the box directly below your signature(s) on the last page of this letter.

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If you are married we will assume that you want us to prepare a Joint Filing status tax return and we will not explore any other filing status option. In the event of a joint return, we are authorized to give either spouse a copy of the return upon written request.

Certain IRS substantiation requirements require specific documentation for key tax return positions including deductibility of travel, entertainment, charitable contributions, home office, business use of listed property including vehicle, personal, computer and cellular telephones. This substantiation should be kept contemporaneously. You represent to us that to the best of your knowledge, you have the contemporaneous records substantiating those items. You should retain all documents, canceled checks and other data that form the basis of income and deductions.

We will use our professional judgment in preparing your returns. Whenever we are 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) we will explain the possible positions that may be taken on your return. We will follow whatever position you request on your return so long as it is consistent with the codes and regulations and interpretations that have been promulgated. If the Internal Revenue Service or state authorities 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 or assessments.

Recent federal legislation made significant changes to the responsibilities of tax return preparers. These changes also apply to non-signing preparers when they provide tax advice. Our services are performed in accordance with these and our other professional responsibilities. Accordingly, we may not provide tax advice or sign a tax return unless we believe that the material positions reflected therein are supported by appropriate authority, or when required, are adequately disclosed.

Certain communications involving tax advice may be privileged and not subject to disclosure to the IRS. By disclosing the contents of those communications to anyone, or by turning over information about those communications to the government, you may be waiving this privilege. To protect this right to privileged communication, please consult with us and your own attorney prior to disclosing any information about our tax engagement.

We have developed an information security plan designed to protect the confidential and private information you have entrusted to us. Some methods of data transmission have security flaws and we may ask you to use data exchange mechanisms designed to protect your confidential information.

If you provide to us investment brokerage statements or similar information on a monthly, annual or any other periodic basis, you agree that this information is provided only for purposes of income tax return preparation and similar income tax matters. You will not rely upon us to use brokerage statements or similar information to provide advice or assurance with regard to investment suitability, churning, excessive fees and any other investment related issues.

We typically retain records relating to professional tax services that we provide including our computations and copies of returns so that we may be better able to assist you with your professional needs and, in some cases, to comply with professional guidelines. We typically keep these records for a period of 7 years from the return's initial due date and after that time these items may not be available. Records retention is your responsibility. We also retain some information electronically and sometimes access that information over the Internet. You authorize us to transmit, update and store information electronically and to transmit your information over the Internet when needed.

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To the extent that we accumulate your original client records during the engagement, those documents will be returned to you promptly upon completion of the engagement (if not sooner). The balance of our engagement file is our property. We will provide copies of such documents at our discretion, if compensated for any time and costs associated with the effort.

In the event that we become obligated to pay any judgment or similar award, agree to pay any amount in settlement, and/ or incur any costs as a result of inaccurate or incomplete information that you provide to us in the course of this engagement, you agree to indemnify and hold us harmless against such obligations, agreements, and/ or costs.

In the event of a claim brought against us, 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.

We will bill you for services on a regular basis based on our standard fees for the level of complexity of the work. Our fee for the preparation of your tax return does not include tax research, responses to inquiries, representation before the IRS or any other governmental agency in connection with an examination of your return. In the event that any bill we send you goes unpaid for a period of thirty days after the date of the bill we reserve the right to suspend services until the account is brought current. Suspension of services may result in your returns not being prepared in time to meet filing deadlines. Returns not filed on time may be subject to penalties, interest and other consequences which you accept as a result of services being suspended.

We are subject to professional standards and ethical constructs that sometimes present issues that cannot be resolved. In the event that we determine that an issue prevents us from completing this engagement we will notify you promptly and may not be able to complete your return(s).

This engagement does not include responding to inquiries by any governmental agency or tax authority. If you receive an inquiry, or your return is selected for examination or audit, you may request that we assist you in responding to such inquiry. In that event, we would be pleased to discuss providing assistance to you under the terms of a separate engagement for that specific purpose.

We strive to provide timely responses to client inquiries. If you contact us and you do not receive a response within 5 working days you should assume that we have not received your message and contact us again. Since tax advice is complicated and not well suited to telephone conversations and email, it is agreed that only written advice on our letterhead will be relied upon.

If we receive a subpoena for your information and are advised by our counsel that it is appropriate to communicate the existence of a pending subpoena for your records, we will notify you. Once receiving notice, it will be your responsibility to take such action as you deem appropriate to respond to the subpoena. In any event, you agree to reimburse us for our attorneys' fees and costs associated with requests for your records.

The parties to this engagement agree that any dispute that may arise regarding the meaning, performance or enforcement of this engagement will, prior to resorting to litigation, be submitted to mediation which shall be administered within Monroe County, Georgia, according to Georgia law. If mediation shall not be completed within sixty

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days of the first written request served on either party, the parties shall then be entitled to proceed with litigation to resolve their dispute(s).

We agree that the courts of the State of Georgia have jurisdiction over the parties and all disputes between us, and we agree to submit all disputes to the courts sited in Forsyth, Georgia which is proper and convenient venue for resolution. We also agree that the laws of the State of Georgia shall govern all disputes without regard to choice of law principles.

This letter constitutes the entire understanding between us and you, superseding all proposals, oral or written, and all other communications, with respect to the terms of the engagement between the parties. Any material change in the terms of the engagement must be accomplished by a written amendment or transmission accepted by both of us to alter the terms of this engagement.

You have the final responsibility for the income tax returns and, therefore, you should carefully review them before transmitting to the taxing authority.

Federal law requires that certain individuals and entities report financial interests in, and signatory authority or certain other authority over, foreign financial accounts with more than \$10,000 in aggregate value in a calendar year on Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts. The form is not a tax form and is not filed with a tax return. Instead the form must be filed separately with the IRS by June 30 of the year following the calendar year in which aggregate amounts held in the foreign financial accounts meet the threshold. The definition of financial accounts is broadly defined and includes certain interests held indirectly. Failure to comply with these laws could result in significant civil and criminal penalties. Unless otherwise specifically agreed in writing, we will not prepare, file, or provide assistance with respect to the Form TD F 90-22.1.

Again, thank you for the opportunity to serve you. Once we receive a signed copy of this letter indicating your agreement with the foregoing we will begin work on your engagement.

Sincerely,

Julie Presley, EA

Agreed and Accepted,

Taxpayer Signature

Date

Spouse Signature

Date

☐ By checking this box I/we ask that you contact me/us to discuss a comprehensive analysis of our tax situation. The engagement memorialized by this document is limited in scope to the tax returns specifically enumerated above.

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