

PAUL HAGLUND & COMPANY LLC

YOUR TRUSTED TAX ADVISORS

1040 Individual Tax Return Engagement Letter

Dear Client: _____

1. This letter confirms the services we will provide in the preparation of your return and your responsibilities. It is important that you understand the terms and what you can expect from this work. Please contact us with any questions or clarification of terms.

Preparer Responsibility:

2. We will prepare your 2024 federal individual income tax return AND, if applicable, resident state from the information you provide to us. We will not audit or verify the information provided us nor use any procedures designed to discover fraud or irregularities. Returns are prepared based on the laws in effect at the time of preparation and we are not responsible for retroactive law changes made by the taxing authorities after the return(s) are completed and delivered. Additional fees will apply for corrected or amended return(s).
3. We will provide you with a digital copy of your completed tax return. If you prefer a paper copy of your return, please notify us at the time of preparation. Your digital copy is stored in a secure portal in which you have 24/7 access. We recommend saving your digital copy to another device. If you choose not to retain our services, access to your portal will be removed no later than October 15th of the following year.
4. We will retain a digital copy of your tax return for 7 years after the due date. After this time, these files are deleted and are no longer available.
5. The preparation of this return does not include preparing and filing the FinCen Beneficial Ownership Interest ("BOI") report, if applicable to your LLC business entity.
6. Original documents provided to us will be returned to you at the completion of your return. See #13 for further terms.
7. We will reimburse you for penalty, interest assessed on that penalty, which is a direct result of preparer error. We will not be responsible for any additional tax assessed. Reimbursement shall not exceed the total tax preparation fee paid.

Taxpayer Responsibility:

8. You will provide us with all your income received in 2024 regardless if it has been reported on a tax form or not.
9. You have maintained the required records related to the support of dependent(s) claimed, expenses deducted, or deductions claimed on your return. This includes the use of logs to support vehicle mileage, receipts documenting meals, and statements related to charitable contributions. You are required to keep your records as long as needed to prove the income and / or deduction(s) claimed on your tax return. If there is a change by the taxing authorities because of taxpayer error, omission, or lack of documentation, we will not be responsible for the additional assessment of tax, penalty, and interest due to the inclusion of unreported income or disallowance of deductions or tax credits. If you have questions as to the type of records required, please ask us for advice in that regard.
10. You will notify us in writing if you require any additional tax return(s) prepared e.g., state, local or property tax. The preparation of this return is not intended to determine if you have an obligation to file with any other state(s) other than the one(s) you requested. Additional fees will apply for additional return(s).
11. Upon delivery of your completed tax return, you will read/follow/understand filing instructions, review your tax return(s) and notify us of any omissions, corrections, misstatements, or questions you have about the instructions or return(s) BEFORE it is filed. Once filed, changes will require an amended return. Additional fees will apply for amended or corrected return(s).
12. You will respond promptly to our inquiries related to the preparation of your return.
13. If you elect to pick up any tax documents from our office (as selected on the Contact Form), you must do so by October 15th or notify us with other arrangements (additional fees will be incurred for mailing). Documents not picked by this date will be destroyed.
14. You will provide us with W2, 1099, or 1095-A tax form(s) in which you had either tax withheld or received a tax credit.
15. You will inform us in writing if you receive, sell, exchange, mine, barter or otherwise dispose of digital assets. Failure to disclose can lead to further inquiries by the taxing authorities and penalties. Digital Assets activity may require filing tax returns with other countries. The preparation of this return is not intended to determine if there are any filing obligations in any other country.

16. You will inform us in writing if you or your entity have 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. This also applies to you if you have direct or indirect control over a foreign or domestic entity with foreign financial accounts. 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 and separately filing Form FinCen 114 by April 15th with the US Treasury. 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.

If you do not provide us with information regarding any interest you may have in a foreign account, we will not be able to prepare any of the required income tax related forms, and penalties may be due, for which we have no responsibility. In the absence of such information being provided we will presume you do not have any foreign asset(s) or financial interest and we will not file any applicable disclosure forms without separate written authorization.

17. You will notify us if you receive any notice from the taxing authorities (As your preparer, we do not receive any notices directly from the taxing authorities). The preparation of this tax return DOES NOT include responding to notices issued, but we are available to help with inquiry. Additional fees will apply for responding to such notices.
18. If you require additional time to file your return(s) and want us to file an extension, you must notify us in writing. You must include any amount(s) you want to pay with the extension. Otherwise, the requested extension will be filed with NO tax owed. Additional fee(s) will apply for filing extension. See #23 for further terms.
19. Taxpayers filing form Schedule A (Itemized Deductions), mortgage loans and home equity loans are not deductible unless the funds borrowed are used to buy, build, or improve the property borrowed against and it does not exceed the allowable mortgage debt. To comply with these rules, you must provide us with the amount borrowed against your home, date borrowed and the use of the funds. Failure to provide, we must consider it non-deductible.
20. Taxpayers filing form(s) Schedule C (Business) or Schedule F (Farm), acknowledge the fact that when self-employed income is reduced through tax deductions there is a reduction in earned income reported to the Social Security Administration. That will reduce the benefits paid to you. You acknowledge the potential negative effects on future social security benefits paid to you, your spouse, and any dependents.
21. Taxpayers filing form(s) Schedule C (Business), Schedule E (Rental), Schedule F (Farm), Form 4835 (Farm Rental) or Schedule H (Household Employer) are responsible for preparing and filing 1099/1096 for any payments of \$600 or more in the calendar year to (1) individual who provides services as an independent contractor, (2) rent paid or (3) attorney or W2/W3 forms for wages paid to business employees or at-home-worker. Penalties apply for late / not filing. We are available to prepare these forms for an additional fee. The preparation of this return is not intended to determine if employees / independent contractors are correctly classified.
22. Taxpayers who engage in selling goods online, acknowledge that states can require you to register, collect, file, and pay sales tax. Penalties can apply for failure to register and file with the appropriate state(s). The preparation of this return is not intended to determine if your business has an obligation to file sales tax return(s) with any state or local taxing authority.

Other:

23. The due date for your tax return is April 15, 2025. All information needed to complete your tax return(s) must be provided to us by March 25, 2025. If received after that date, we may need to file an extension. An extension extends the due date to October 15, 2025. An extension DOES NOT extend the time to pay any tax owed plus interest and penalties will be assessed for tax not paid by the due date or if the extension is not owed. We will charge a minimum of \$75 to prepare and file extension. There will be an additional charge if we need calculate amount owed. If your return is extended, you must provide us with the information needed to complete your tax return by September 15, 2025. To prevent unreasonable delays, it is our firm policy to assess a 15% surcharge of fee without reasonable cause for not providing us the information by the requested date.
24. Our minimum fee to prepare an individual tax return is \$425. Our fee is based on our per form schedule related to complexity and time, your records are well organized and legible, and you promptly respond to our inquiries. New clients to our firm, defined as we have not prepared your return in the prior two years, will incur a setup fee of \$75. Our fee is to be paid upon delivery of your completed tax return. No additional services will be performed until our fee is paid. Additional services requested e.g., responding to a notice from the taxing authorities, audit representation, tax projection, W4 withholding recommendation, calculating tax estimates, or phone/video/office consultation will be billed at our standard billing rate of \$250 per hour. If we need to provide accounting and/or bookkeeping assistance, we will bill at our standard billing rate of \$125 per hour.

25. Privacy laws established by the IRS prohibit us from providing confidential information or copies of your tax return to anyone other than you without your specific, written authorization. If you do receive a request for your tax return from a mortgage lender, financial advisor, colleges, etc., we recommend utilizing the portal to fulfill these requests. This will minimize additional fees.
26. We have procedures and policies in place that meet federal regulations to protect your personal and confidential information from unauthorized access. We restrict access to your confidential information to those within our firm who need to know in order to provide you with services. We do engage the services of other providers to assist us in the use of technology. These providers also have established procedures and controls designed to protect client information and maintain data security. Please contact us with any questions.
27. We use various methods to communicate with clients e.g., phone, text, and email. You approve in the use of any these different communication methods. You must notify in writing if you want to “opt-out” in using any of the methods to communicate. You acknowledge these methods are not secure. We will not be responsible or liable for interception, unintentional disclosure, or any charges you may be assessed in using any of these methods.
28. By signing below, you acknowledge you have read the terms, understand the terms and accept your responsibilities in the preparation of your return. If any of the part(s) of this agreement are declared invalid or unenforceable, no other parts of this agreement will be affected. This agreement shall remain in effect until terminated by either party in writing.

Taxpayer (1) Signature: _____

Taxpayer (2) Signature: _____

Date: _____

We appreciate your trust, confidence, and the opportunity to prepare your tax return.

