

# **Foucault & Associates, P.C.**

**CERTIFIED PUBLIC ACCOUNTANTS  
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## **2018 Professional Tax Service Engagement Letter**

January 16, 2019

### **Purpose**

We look forward to providing professional tax services to you for the 2018 tax year. In order to ensure an understanding of our mutual responsibilities, we have provided you with this engagement letter, which states the terms and conditions under which we will prepare your income tax returns.

This letter confirms the services you have asked us to perform and the terms under which we have agreed to do that work. Please read this letter carefully because it is important to both you and us that you understand what you can and cannot expect from our work. If you are unsure about these terms or believe we have misunderstood what you need, please contact us.

This engagement letter represents the entire agreement regarding the services described herein and supersedes all prior negotiations, proposals, representations or agreements, written or oral, regarding these services. It shall be binding on the heirs, successors and assigns of you to us. The Internal Revenue Service imposes penalties on taxpayers, and on us as a return preparer, for failure to observe due care in reporting for income tax returns. In order to ensure an understanding of our mutual responsibilities, we ask all clients for who we prepare returns to confirm the following arrangements.

### **Tax Preparer Responsibilities**

We will prepare your 2018 Federal and specified State(s), local or other specified tax returns as detailed on the last page of this engagement letter from information which you will provide. We will not audit, review, compile or otherwise verify the data you submit although we may ask you to clarify some of the information. We are not responsible for returns prepared by others. We may furnish you with tax organizers and questionnaires and/or worksheets to guide you in gathering the necessary information. Your use of such forms will assist in keeping fees to a minimum and keeping pertinent information from being overlooked. If you have taxable activity in a state other than that specifically listed on Page 3, you are responsible for providing us with all information necessary to prepare any additional state(s) or local income tax returns as well as informing us of the applicable states. We will prepare only those state returns specifically listed on Page 3.

We are responsible for preparing only the specific income tax forms for the specified reporting agencies listed in this letter. Any other required services, forms or other actions on our part may require a separate engagement letter. In the absence of written communication documenting such services, our services will be limited to and governed by the terms of this engagement letter. Our services are not intended to determine whether you have filing requirements in taxing jurisdictions other than the one(s) of which you have requested on page 3.

Our work in connection with the preparation of your income tax returns does not include any procedures designed to discover defalcations or other irregularities, should any exist. We will render such accounting and bookkeeping assistance as necessary for preparation of your income tax returns.

### **Taxpayer Responsibilities**

Any person or entity subject to the jurisdiction of the United States (including individuals, corporations, partnerships, trusts, and estates) having 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, shall report such relationship. Although there are some limited exceptions, filing requirements also apply to taxpayers that have direct or indirect control over a foreign or domestic entity with foreign financial accounts, even if the taxpayer does not have foreign account(s). For example, a corporate-owned foreign account would require filings by the corporation and by the individual corporate officers with signature authority. 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 may include filing Form 8938 with this Federal return. 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 assets or financial interests and will not file any applicable disclosure forms without separate written authorization.

If you and/or your entity have a financial interest in any foreign accounts, you are also responsible for filing Form FinCEN 114 required by the U.S. Department of the Treasury on or before April 15<sup>th</sup> of each tax year. US citizens are required to report worldwide income on their US tax return. In addition, 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 of foreign corporation engaged in a U.S. trade or business (Form 5472); U.S. transferor of

property to a foreign corporation (Form 926); and, if you hold foreign financial assets with an aggregate value exceeding \$50,000 (Form 8938). Therefore, if you fall into one of the above categories **you** may be required to file one of the above listed forms. Failure to timely file may result in substantial monetary penalties. By your signature below, you accept responsibility for informing us if you believe that you fall into one of the above categories and you agree to provide us with the information necessary to prepare the appropriate forms(s). We assume no liability for penalties associated with the failure to file or untimely filing of any of these forms.

It is your responsibility to maintain, in your records, the documentation necessary to support the data used in preparing your tax returns, including but not limited to the auto, travel, business meals, and related expenses and the required documents to support charitable contributions for three years from the filing date. If you have any questions as to the type of records required, please ask for advice in that regard. It is also your responsibility to carefully examine and approve your completed tax returns before signing and either mailing them or authorizing us to e-file them with the tax authorities. We are not responsible for the disallowance of your claimed deductions or inadequately supported documentation, nor for resulting taxes, penalties and interest. We will rely, without further verification, upon information you provide to us from third parties including, but not limited to, K1s, 1099s, 1098s, and receipts and similar items.

We DO NOT automatically file tax extensions for clients, therefore, you must notify us in writing, email or fax if you wish to file an extension, and the notification should include your estimate of any balance due with the extension. We must receive your information by February 15, 2019 for returns due by March 15, 2019 and March 22, 2019 for returns due by April 15, 2019 in order to prepare, review and process your return(s). Information received after that date may cause your return to require an extension and be completed after the applicable due date. Failure to file an extension may make you subject to various penalties and interest. Additionally, if your return is extended it does not relieve you from paying any tax due on the due date, or making quarterly estimated tax payments for the current year. Failure to pay any tax due with the extension or failure to pay quarterly estimated tax payments may make you subject to various interest and penalties, for which we are not responsible or liable.

### **Other Items**

We will use professional judgment in preparing your returns. Whenever we are aware that an applicable tax law is unclear or that there are conflicting interpretations of the law, we will explain the possible positions that may be taken on your return. We will adopt whatever position you request on your return so long as it is consistent with the Internal Revenue Code, Regulations, and interpretations that have been promulgated. If the Internal Revenue Service should later contest the position taken, there may be an assessment of additional tax plus interest and penalties. We assume no liability for such additional penalties or assessments. Also, please note that when a self-employed taxpayer reduces taxable income there is also a reduction in earned income reported to the Social Security Administration, which could reduce current and future benefits for the taxpayer and his or her dependents. You acknowledge and accept the potential negative effects on future social security benefits for you, your spouse and any dependents.

Privacy laws established by the IRS generally prohibit us from providing confidential information or copies of tax returns to anyone other than you without your specific, written authorization. To comply with these regulations, we will provide copies of all returns to you in paper and .pdf format (if requested) when your returns are completed. If at any time in the future you require additional copies of these returns in any format, you will be charged a \$25 fee for EACH request, payable PRIOR to the copy being provided. We will not provide copies to any outside third parties directly.

It is our policy to keep copies of tax returns and certain supporting documentation related to this engagement for three years after which they are destroyed. However, we do not keep any original client records, so we will return those to you at the completion of this engagement. When records are returned to you, it is your responsibility to retain and protect your records for at least three years for possible future use, including potential examination by any government or regulatory agencies. During the year, we may send newsletters to existing clients; and prior to each tax filing season, send organizers or other materials to most of our clients as a convenience to assist them with gathering their tax information. If you move or do not wish to receive any interim information or mailings, please notify us or we will send this information to the address used on your prior year's tax return.

Our fee does not include responding to inquiries or examination by taxing authorities or third parties. If you ask us to respond to such inquiries or examination you will be separately billed at our standard billing rates plus any expenses incurred. However, we are available to represent you at our standard billing rates and such services may be covered under a separate engagement letter depending upon the services to be provided. You agree to immediately notify us upon the receipt of any correspondence from any taxing authority or agency. Please do not respond to or click on any links from emails purportedly from the IRS. THE IRS NEVER INITIATES CORRESPONDENCE VIA EMAIL and any such emails are generally attempts to steal your identity. **Additionally, in order to help protect your identity and comply with new electronic filing requirements, we are now asking for a copy of your driver's license.**

Our fees for services will be based upon a minimum charge or our standard billing rates, if higher, in effect at the time services are provided. Our fees may also include the amount of time required at our standard billing rate for any services not contemplated in this engagement letter including computer processing charges and any out-of-pocket expenses. All invoices are due and payable upon presentation of completed tax returns. **Tax Returns will not be e-filed until these fees are paid in full unless prior arrangements have been made with us in writing. You understand that you are responsible and liable for any and all additional filing fees, interest, penalties, late filing fees or any other fees assessed by a taxing agency or**

**authority resulting from the late filing of your tax returns with the taxing agency due to the non-payment of our preparation fees.**

Billings become delinquent if not paid within 30 days of the invoice date. If billings are not paid within 60 days of the invoice date we may stop all work at our discretion until your account is brought current, or we may withdraw from the engagement. You acknowledge and agree that we are not required to continue work in the event of your failure to pay on a timely basis for services rendered as required by this engagement letter. You further acknowledge and agree that in the event we stop work or withdraw from this engagement as a result of your failure to pay on a timely basis for services rendered, we shall not be liable to you for any damages that occur as a result of our ceasing to render services. Our services will conclude upon delivery of the completed income tax returns specifically referenced or upon our suspension of services or resignation from the engagement.

If any dispute arises among the parties; they agree to try first in good faith to settle the dispute by mediation administered by the American Arbitration Association (AAA) under its Commercial Mediation Rules. All unresolved disputes shall then be decided by final and binding arbitration in accordance with the Commercial Arbitration Rules of AAA. Fees charged by any mediators, arbitrators, or the AAA shall be shared equally by all parties. IN AGREEING TO ARBITRATION, WE BOTH ACKNOWLEDGE THAT IN THE EVENT OF A DISPUTE OVER FEES, EACH OF US IS GIVING UP THE RIGHT TO HAVE THE DISPUTE DECIDED IN A COURT OF LAW BEFORE A JUDGE OR JURY AND INSTEAD WE ARE ACCEPTING THE USE OF ARBITRATION FOR RESOLUTION. In no event shall our liability exceed the amount of our fee charged and paid by you for the disputed service.

Please complete the separate questionnaire for compliance with the individual insurance mandate of the Affordable Care Act. We will rely without independent verification of the information you have provided on the questionnaire to determine your eligibility for credits, application of penalties and reconciliation of any advance credit payments where applicable.

We appreciate the opportunity to provide services to you. Please sign and date a copy of this letter to acknowledge your agreement with and acceptance of all parties' responsibilities and the terms of this engagement. It is our policy to initiate services after we receive the executed engagement letter. If any provision of this agreement is declared invalid or unenforceable, no other provision of this agreement is affected and all other provisions remain in full force and effect.

***Jeffrey M. Foucault & Peggy G. McQuitty***

ACKNOWLEDGEMENT: 2018 TAX SEASON

I have read all of the above terms of the engagement letter described in pages 1-3 and agree with the terms of this engagement. In addition to the Federal Income Tax Form 1040 (or 1120, 1120S or 1065 in the case of business returns), we will prepare only those specified 2018 State, local or miscellaneous returns detailed below:

State Returns: \_\_\_\_\_

Local or other returns: \_\_\_\_\_

Accepted by: \_\_\_\_\_

Taxpayer Signature

Spouse Signature (If filing a joint return)

Date: \_\_\_\_\_

Name Printed: \_\_\_\_\_

Taxpayer

Spouse (If filing a joint return)