

2023 1040 Income Tax Return Annual Engagement Letter

Date: _____ Client Name(s): _____

We are pleased to confirm our understanding of the arrangements for your income tax return(s). This letter confirms the services you have asked our firm 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 our firm and you that you understand what you can and cannot expect from our work. In other words, we want you to know the limitations of the services you have asked us to perform. If you are confused at all by this letter or believe we have misunderstood what you need, please call to discuss this letter before you sign it.

The Internal Revenue Service imposes penalties on taxpayers, and on us as return preparers, 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 whom we prepare tax returns to confirm the following arrangements.

We will prepare your 2023 Federal and Illinois Form 1040 and related Federal and Illinois 1040 income tax return schedules from information you furnish us. We do not use foreign third parties for preparation of your tax return. We will not audit or otherwise verify the data you submit although we may ask you to clarify some of the information. We may furnish you with tax organizers and questionnaires to help you gather and organize the necessary information for us, in order to keep our fee to a minimum. We are responsible for preparing only the returns listed previously, if you have taxable activity in a state other than that specifically listed you are responsible for providing our firm with all information necessary to prepare any additional applicable state(s) income tax returns as well as informing us of the applicable states. Any additional state income tax returns will be prepared as a separate engagement. If you have income tax filing requirements in a given state but do not file that return there could be possible adverse ramifications such as an unlimited statute of limitations, penalties, etc. If you would like us to investigate to determine each state where you may have an income tax filing requirement, please inform us.

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, 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 available at additional cost. If you wish to engage us to perform these services, our firm requires that you sign an engagement letter detailing our agreement to perform such services prior to any such services being rendered.

If you have derived income from a foreign country, we will use the foreign country income information which you provide to calculate any applicable federal or state foreign tax credit or other affected federal or state income tax items. However, you are responsible for meeting any foreign country income tax or other foreign country reporting requirements.

We must receive all information to prepare your return by April 1, 2024, to ensure that your return will be completed by April 15, 2024. If we have not received all of your information by April 1, 2024 and your return is not completed by April 15, 2024, you may be subject to late filing or late payment penalties. We do not file tax extensions for clients unless specifically requested to do so.

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, entertainment, and related expenses and the required documents to support charitable contributions over \$250. If you have any questions as to the type of records required, please ask us for advice in that regard. It is also your responsibility to carefully examine and approve your completed tax returns before signing and mailing them to the tax authorities. We are not responsible for the disallowance of doubtful deductions or inadequately supported documentation, nor for resulting taxes, penalties and interest.

We are responsible for preparing only the returns listed above. All others are to be prepared by you or other preparers. If there are additional returns you wish to prepare, such as sales tax, property tax, inheritance, gift or estate tax, other income tax returns for other entities, or other states' or cities tax returns please insert them here: _____. Our fee does not include responding to inquiries or examination by taxing authorities. However, we are available to represent you and our fees for such services are at our standard rates and would be covered under a separate engagement letter.

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 adopt whatever position you request on your return so long as it is consistent with the codes, 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 any such additional penalties or assessments.

If we are asked to disclose any privileged communication, unless we are required to disclose the communication by law, we will not provide such disclosure until you have had an opportunity to argue that the communication is privileged. You agree to pay any and all reasonable expenses that we incur, including legal fees, that are a result of attempts to protect any communication as privileged. In addition, your confidentiality privilege can be inadvertently waived if you discuss the contents of any privileged communication with a third party, such as a lending institution, a friend, or a business associate. We recommend that you contact us before releasing any privileged information to a third party.

It is our policy to keep records related to this engagement for four years after which they are destroyed. However, Saxer Accounting Services does not keep any original client records, so we will return those to you at the completion of the services rendered under this engagement. When records are returned to you, it is your responsibility to retain and protect your records for possible future use, including potential examination by any government or regulatory agencies.

In the interest of facilitating our services to you, we may communicate by facsimile transmission or send electronic mail over the Internet. Such communications may include information that is confidential to your company. While we will use our best efforts to keep such communications secure in accordance with our obligations under applicable laws and professional standards, you recognize and accept that we have no control over the unauthorized interception of these communications once they have been sent and consent to our use of these electronic devices during this engagement.

From time to time during our relationship, you may seek our advice with regard to potential investments. We are not investment advisors unless **specifically and in writing by separate agreement hired for that purpose**. Accordingly, we suggest that you seek the advice of qualified investment advisors appropriate to each investment being considered. Unless otherwise specifically agreed to in a separate engagement letter or in a written addendum or amendment to this engagement letter signed by the parties, we will not advise you regarding the economic viability or consequences of an investment or whether you should or should not make a particular investment.

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, at our election, we will stop all work until your account is brought current, or we will withdraw from this engagement. [Client] acknowledges and agrees that we are not required to continue work in the event of [client's] failure to pay on a timely basis for services rendered as required by this engagement letter. [Client] further acknowledges and agrees that in the event we stop work or withdraw from this engagement as a result of [client's] failure to pay on a timely basis for services rendered as required by this engagement letter, we shall not be liable to [client] 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 discussed above or upon our suspension of services or resignation from the engagement.

If any dispute arises among the parties hereto, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Rules for Professional Accounting and Related Services Disputes. If the parties are unable to resolve the dispute through mediation within 60 days from the date notice is first given from one party to the other as to the existence of such a dispute and the demand to mediate, then they may proceed to resolve the matter by arbitration. Costs of any mediation proceeding shall be shared equally by all parties.

We appreciate the opportunity to serve you. Please date and sign the enclosed copy of this letter to acknowledge your agreement with and acceptance of your responsibilities and the terms of this engagement. It is our policy to initiate services after we receive the executed engagement letter.

Sincerely,

Cindy S. Saxer, CPA

Amanda Haas, EA

_____ (Client Signature) _____ (Date)

_____ (Client Signature) _____ (Date)

I have read the above terms of the engagement letter and agree with the terms of this engagement.

Name _____

2023

Phone Number: _____ Hours you can be reached? _____ E-Mail: _____

Refunds

If you are direct depositing your refund, please attach a voided check (not deposit slip) **if your bank information has changed since we filed your 2023 tax returns or we did not file your 2023 tax returns.**

Personal Information

- Did your marital status change during 2023? Yes No
- If you received **unemployment in 2023** did you bring your 1099-G form? Yes No
- Do you or your spouse plan to retire in 2024? If already retired - mark no Yes No
- Were you or your spouse permanently and totally disabled in 2023? Yes No
- Date of Death for taxpayer or spouse (if during 2023 or 2024): Taxpayer _____ Spouse _____
- Did you purchase items on-line or out-of-state and not pay IL 6.25% sales tax? Yes No
- Are you paying back the first-time homebuyer credit? Yes No
- Do you want to allow your tax preparer to discuss this year's tax return with the IRS? Yes No
- Were you or your spouse a member of the U.S. Armed Forces during 2023? Yes No

Health and Life Insurance

- Did you receive Form **1095-A Market Place Health Insurance?** (Bring to appt) Yes No
 - Did you or your spouse have self-employed health insurance? Yes No
 - Did you contribute to or receive distributions from a Health Savings Account (HSA)? Yes No
- If you received distributions, please **bring 1099-SA**

Dependent Information

- Do you have dependents who must file? Yes No
 - If yes, do you want us to prepare the return(s)? Yes No
- Did your children earn more than \$2,500 in investment income in 2023? Yes No
- Did you provide over half the support for any other person during 2023? Yes No
- Did you incur any adoption expenses in 2023? Yes No

Items related to Income/Losses

- Did you receive any disability payment in 2023? Yes No
- Did you receive tip income not reported to your employer? Yes No
- Did you buy, sell, refinance, or abandon a principal residence or other real property in 2023? Attach Buyer or Seller Settlement Sheets Yes No
 - If yes, was the First-time Homebuyer Credit used when home purchased? Yes No
- Are you planning to purchase a home soon? Yes No
- Did you incur any non-business bad debts or debt cancelled? (Ex. Credit card) Yes No

Miscellaneous

- Did you purchase a motor vehicle or boat during 2023 **and you're itemizing or it's efficient?** No
 - If yes, please provide documentation including your sales tax paid
 - If yes, was the motor vehicle a hybrid? Year, Make, Model, & Date Purchased
- Did you donate a vehicle in 2023? Attach Form 1098C Yes No
- Did you or your spouse make gifts of over \$17,000 to an individual or contribute to a prepaid tuition plan? Yes No
- Did you make gifts to a trust? Yes No
- Did you pay any individual for domestic services in 2023? Yes No
- Did you make a loan at an interest rate below market rate? Yes No
- Did you pay interest on a student loan for yourself, your spouse, or your dependents? Yes No

- Did you, your spouse, or your dependents attend post-secondary school in 2023? Yes No
- Did you sell, exchange, acquire any financial interest in any **virtual currency**? Yes No
- Did you receive any income not included with the tax papers you've brought? Ex. tips Yes No
- Did you make energy efficient improvements to your home or purchase any energy saving property during 2023? If yes, please attach or bring information. Yes No

Business/Investment Questions

- Did you receive stock from a stock bonus plan with your employer? Yes No
- Did any bonds mature but were not cashed in? Yes No
- Did you buy or sell any stocks or bonds in 2023? Yes No
- Did you surrender any US savings bonds during 2023? Yes No
- Did you use the proceeds from Series EE or I US savings bonds purchased after 1989 to pay for higher education expenses? Yes No
- Did you realize a gain or loss on property which was taken from you by destruction, theft, seizure, or condemnation? Yes No
- Did you start or purchase a business, farm, or property? Yes No
- Did you sell property or equipment on installment in 2023? Yes No
- Did you have any business-related educational expenses? Yes No
- Do you have adequate records for travel & meal deductions?
Amount, Time & Place, Date, Business purpose, description, business relationship Yes No
- Did you pay association dues that include political lobbying by the association?
If yes, please attach details. Yes No
- Did you do a "like-kind" exchange of property in 2023? Need all information Yes No
- Do you have records to support expenses? Yes No
- Did you purchase special fuels for non-highway/farm use? If yes, gallons _____ Yes No
- Do you have any investments that you were not personally "at risk" (other than farm or sole proprietorship)? Yes No

IRA, Pension and Education Savings Plans

- Did you receive payments from a pension or profit-sharing plan? Yes No
- Did you take a retirement account distribution related to the **Corona Virus in 2020**? Yes No
- Did you receive a total distribution from an IRA or other qualified plan that was partially or totally rolled over into another IRA or qualified plan within 60 days of the distribution? Yes No
- Did you convert all or part of a regular IRA into a Roth IRA? Yes No
- Did you roll over all or part of a qualified plan into a Roth IRA? Yes No
- Did you contribute to any College Fund or Account (Bright Start, Bright Direction, etc)? Yes No

Foreign Bank Accounts and Taxes

- Did you have foreign income or pay any foreign taxes in 2023? Yes No
- At any time during the tax year, did you have an interest in or a signature or other authority over a bank account, or other financial account in a foreign country? Yes No
 - If so, did the value of those accounts exceed \$10,000 at any time during 2023? Yes No
- Were you the grantor of or transferor to a foreign trust with existed during the tax year, whether or not you have any beneficial interest in the trust? Yes No