

MARGOLIS & CORDERO ACCOUNTING

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2023 INDIVIDUAL TAX PREPARATION ENGAGEMENT LETTER

Dear Client:

I am pleased to provide you with the professional services described below. This letter is to confirm our understanding of the terms and objectives of my engagement and the nature, timing, and limitations of the services I will provide.

Scope of the Engagement

I will prepare your 2023 federal and requested state income tax returns from information that you will furnish to us. I will not audit or otherwise verify the data you submit, although it may be necessary to ask you for clarification of some of the information. Generally, I will rely on your representation that you have maintained the documentation required by law to support the information you provide. **Note that you have the final responsibility for the income tax returns and, therefore, you should carefully review them before you sign and file them.**

I will not prepare any tax returns except those identified above without your written authorization to do so. I will prepare the tax returns solely for filing with the Internal Revenue Service and state and local tax authorities. They are not intended to benefit or influence any third party, either to obtain credit or for any other purpose.

As a result, you agree to indemnify and hold my firm harmless with respect to any and all claims arising from the use of the tax returns for any purpose other than filing with the IRS, state and local tax authorities regardless of the nature of the claim, including the negligence of any party.

Client Responsibilities

It is your obligation to provide us with complete and accurate tax information, including all worldwide income. I will provide you with an income tax organizer to help you gather and document the information.

IRS is now requiring tax preparers to complete a due diligence checklist for all filers claiming the Head of Household, Earned Income Tax Credit, the American Opportunity Credit and the Child Tax Credit. **It is the responsibility of the taxpayer to provide us with complete and accurate information along with supporting documentation for us to retain in our file.**

You are responsible for determining your state or local tax filing obligations with any state or local tax authorities, including, but not limited to income, franchise, sales, use or property taxes. You are also responsible to inform us if you received, sent, exchanged, or otherwise acquired any financial interest in any virtual currency.

You are responsible for reporting foreign activities and may be required to file a Report of Foreign Bank and Financial Accounts if the aggregate value of all financial accounts exceeds \$10,000 at any time during the calendar year. By signing this letter you acknowledge that you will inform me if you have income from foreign sources or if you have signatory authority over any foreign accounts. The return is filed separately from your income tax returns and is due no later than April 15th, 2024. You must inform me if an extension is needed. You agree that I have no responsibility to research these obligations or to inform you of them. If it comes to my attention that you may have an obligation to file additional income tax returns, I will notify you. If you ask us to prepare these returns, I will detail the additional charges. **Note that penalties for failure to report foreign activities are severe.**

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The filing deadline for the tax returns is April 15, 2024. In order to meet this filing deadline, **I must receive your COMPLETE information in by March 24, 2024.** If an extension of time to file is required, I will use the information available to me at the time to prepare the extension. To prepare a valid, accurate extension, I need as much information as is available. **I also need your express approval to file the extension on your behalf, so please contact us.** Applying for an extension of time to file may extend the time available for a government agency to undertake an audit of your return or may extend the statute of limitations. **Taxes paid after April 15, 2024 will result in penalties and interest.**

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 auto, travel and entertainment. When claiming deductions for business travel, auto and entertainment, you need to have documentation that reflects who, where, when and what you discussed in addition to the actual cost. For auto expenses, you need a daily record of your business miles. If you have any questions as to the type of records required, please ask us for advice in that regard. Charitable donations of money must be supported by written communication from the charity and the date and amount of the contribution. I am not responsible for the disallowance of doubtful deductions or inadequately supported documentation, nor for the resulting taxes, penalties and interest.

If you choose to e-file your returns, you and your spouse must verify and sign a completed **Form 8879, IRS e-file Signature Authorization**, and state equivalent before we can file your returns electronically. I cannot transmit the returns to the taxing authorities until I have the signed authorization. Therefore, if you have not provided my firm your signed authorization by **April 10, 2024**, we will place your return on extension, even though it might already have been completed. In that event, you will be responsible for any additional penalties and interest.

OUR Firm Responsibilities

I will prepare your returns based on your filing status as reflected in your income tax returns for last year. If your marital status has changed, you want to change your filing status, or you have questions about your filing status, please contact us immediately.

I will use my judgment to resolve questions in your favor where a tax law is unclear if there is reasonable justification for doing so. Whenever we are aware that a possibly applicable tax law is unclear or there are conflicting interpretations of the law by authorities, we will explain the positions that may be taken on your return. I will follow the position you request, provided it is consistent with our understanding of the current tax code, regulations, and their interpretation. If the IRS or state tax authorities later contest the position taken, there may be an assessment of additional tax, interest, and penalties. I assume no liability for and you hereby release me from any such additional tax, interest, and penalties.

I may deem it necessary to provide you with accounting and bookkeeping assistance solely for the purpose of preparing the income tax returns. We will request your approval before rendering these additional services. My engagement does not include any procedures designed to discover fraud, theft, or other irregularities, should any exist. My fee does not include responding to inquiries or examination by taxing authorities. If your returns are selected for review by taxing authorities, you should contact me immediately. Any proposed adjustments by the examining agent are subject to certain rights of appeal. In the event of such government tax examination or inquiry, I will be available upon request to represent you. Our fees for such services are at standard hourly rate, and are in addition to the fees charged for your tax return preparation.

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As your tax preparer, I am required to keep all information about our engagement confidential, so, I will not disclose any information about you unless we have your approval or are required by law. This applies even if you are no longer a client. 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, friend, or business associate. We recommend that you contact us before releasing any privileged information to a third party.

Penalties

Federal, state and local taxing authorities impose various civil and in some cases, criminal penalties and interest charges for non-compliance with tax law, including for example, failure to file or late filing of tax returns and underpayment of taxes. You, as the taxpayer, remain responsible for the payment of all taxes, penalties, and interest charges imposed by taxing authorities. Additionally, the IRS imposes a 20% penalty for substantial understatement of tax. The understatement is considered substantial if the understatement amount exceeds either 10 percent of the tax shown or \$5,000, whichever is greater. To avoid the substantial understatement penalty, you must have substantial authority to support the tax treatment of the item challenged by the IRS or adequate disclosure of the item. Please contact our office if you'd like additional advice on specific penalties.

Fees and Billing

Fees for my services will be at our standard rates plus out-of-pocket expenses and is based upon the complexity of the work to be performed and our professional time to complete the work. Our tax preparation fee does not include additional forms or correspondence prepared by our office at your request. These additional services will be billed separately once completed. All fees are due at appointment or to be paid before return can be transmitted to tax authorities. Returns will not be filed unless balance is paid.

It is our firm's policy to retain copies of your tax returns for seven years, after which they will be destroyed. You are given a client PDF copy to retain, therefore, if you are in need of an additional copy, you will be charged a \$50 fee for each year requested.

Termination and Other Terms

I reserve the right to withdraw from this engagement without completing the returns if you fail to comply with the terms of this engagement letter or as I determine professional standards require.

I appreciate the opportunity to be of service to you. Please date and sign this engagement letter to acknowledge your agreement with its terms. It is my policy to initiate services only after I receive the fully executed letter in my possession.

Very truly yours,

Margolis & Cordero Accounting

Client Name: _____

Signature: _____

Date: _____