

## **2020 Federal Individual Income Tax Return Annual Engagement Letter & Privacy Notification**

This letter confirms the services you have asked MD Bennett & Associates, P.S. ("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 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 tax 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 2020 Federal Form 1040 Individual Income Tax and related Federal individual tax return schedules from information you furnish us. We will also prepare your individual income tax return(s) for the following state(s): \_\_\_\_\_, based on the information you furnish us. We will not audit, review, compile or otherwise verify the data you submit although we may ask you to clarify some of the information.

It is your responsibility to maintain the documentation necessary to support the data used in preparing your tax returns. If you have any questions as to the type of records required, please ask us for advice in that regard and/or see the IRS' web site. We will return to you all your source documentation along with both a hard copy and soft copy of your tax return. If you need another copy at a later date, we will charge \$50 for the provision of each additional copy (soft or hard) requested, if we still have your information on file.

It is your responsibility to carefully examine and approve your completed tax return(s) before signing and mailing them to the tax authorities or returning your efilng authorization to us. We are not responsible for the disallowance of doubtful deductions, nor for resulting taxes, penalties, and interest. We will rely, without further verification, upon information you provide to us from 3<sup>rd</sup> parties including, but not limited to; W-2s, K1s, 1099s, 1098s; as well as your notes, receipts, and similar items. Almost all types of income are taxable and must be reported on your tax return, including bartering income and debt forgiveness – it is your responsibility to inform us of all income so that we can include it in your tax return(s).

We will use our professional judgment in preparing your returns. Whenever we are aware that a possible 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 assessments.

If you have derived income from a foreign country, we will use the foreign country income information which you provide to calculate any applicable US federal or state foreign tax credit or other affected US federal or state income tax items. However, you are responsible for meeting any foreign country income tax or other foreign country reporting requirements as we do not maintain any expertise on tax law outside the United States.

### **Disclosures**

1. Privacy laws established by the IRS effective January 1, 2009 prohibit us from providing confidential information or copies to anyone other than you without your specific, written authorization. Please expect to provide that written, form-specific authorization before we can release any of your confidential information. The form is available at the Tax Topics link on our web site.

We will not disclose any of your private information unless we are required to disclose the information by law, and even then, if we have time (for example, a subpoena vs. a search warrant), we will notify you first. If, after we contact you, you instruct us to resist disclosing, you agree to pay any and all reasonable expenses that we incur that result from our efforts to protect any information as privileged. In addition, there are cases when your confidentiality privilege can be inadvertently waived if you discuss the contents of any privileged communication with a 3<sup>rd</sup> party, such as a lending institution, a friend, or a business associate; . We recommend that you contact us or your attorney before releasing information to a 3<sup>rd</sup> party.

2. If you had aggregate amounts in excess of \$10,000 invested in one or more foreign countries in 2020, you are required to disclose this on Form 1040, Sch. B (so tell us), and you must efile a separate form on your own, TD F90-22.1, by **April 15, 2021**. Without your notification of such investments outside the country, we will assume that you do not have any. (See FBAR on our web site for more information.)
3. Our fee does not include responding to inquiries or examination by taxing authorities. However, we are generally, depending on the issues involved, available to represent you and our fees for such services are at our standard rates.

4. It is our general policy to keep copies of most records related to this engagement for three years after which they may be destroyed. We do not keep any original client records – they are returned to you at the completion of the services rendered under this engagement. It is your responsibility to retain and protect your records for possible future use, including potential examination by any government or regulatory agencies.
5. We recommend you never send your Social Security number or other identity theft-type information via email unprotected, e.g., do not email an unprotected copy of your tax return. We use a secure document storage tool, SmartVault, to facilitate our services to you, including the transfer of documents that contain sensitive information. You recognize and accept that we have no control over the unauthorized compromise of SmartVault.
6. From time-to-time various 3<sup>rd</sup> parties may request that we sign, for you, some verification of income, employment, or tax filing status. Because we were engaged only to prepare your income tax return, without examination, review, audit or verification; the state board of accountancy prohibits us from signing any such document and any 3<sup>rd</sup> party request to do so is a violation of those rules prohibiting us, by law, from the issuance of an opinion without fully performing an attest function. These returns are not intended to benefit or influence any 3<sup>rd</sup> party, either to obtain credit or for any other purpose.
7. Billings become delinquent if payment not received within 10 days of the billing date. If payment is not received within 30 days of the invoice date, we may stop all work at our discretion until your account is brought current, or we may withdraw from this 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 as required by this engagement letter, 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 discussed above or upon our suspension of services or resignation from the engagement.
8. In recognition of the relative risks and benefits of this agreement to both the client and the Firm, the client and the Firm hereby agree on a fair allocation of risk between them. The client agrees, to the fullest extent permitted by law, to limit the liability of the Firm to the client for any and all claims, losses, costs, and damages of any nature whatsoever, so that the total aggregate liability of the Firm to the client shall not exceed the Firm's total fee for services rendered under this agreement. The client and the Firm intend and agree that this limitation apply to any and all liability or cause of action against the Firm, however alleged or arising, unless otherwise prohibited by law. Both parties agree that there is a two-year limitation period to bring a claim against us for errors and omissions. The two-year period will begin upon the date of my signature on the tax returns covered by this engagement letter.

We appreciate the opportunity to serve you. Please sign/date this letter to acknowledge your agreement with and acceptance of your responsibilities and the terms of this engagement. 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.

Sincerely,

**MD Bennett & Associates, P.S.**

By: Mark D Bennett, CPA; President

\_\_\_\_\_ (Client signature) \_\_\_\_\_ (Date)  
 I have read the above terms of the engagement letter and agree with the terms of this engagement.

\_\_\_\_\_ (Printed name)

\_\_\_\_\_ (Client signature) \_\_\_\_\_ (Date)  
 I have read the above terms of the engagement letter and agree with the terms of this engagement.

\_\_\_\_\_ (Printed name)