

2023 Federal Business 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 your business 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 and other agencies impose penalties on accountants and tax preparers, for failure to observe due care in reporting for income tax return(s). 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 Income Tax Return and related Federal tax return schedules (as well as Forms 1099/1096, if so instructed) from data you 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 do not do attestation work.

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 as we do not maintain any expertise outside the United States.

It is your responsibility to maintain the documentation necessary to support the data used in preparing your tax return(s). 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). All business expenses must be "ordinary and necessary" to the business in order to be deductible. If you have any questions as to the type of records required or deductibility of an expense, please ask us for advice in that regard. It is also your responsibility to carefully examine and approve your completed tax return(s) before signing and mailing them to the tax authorities. 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.

We will use our professional judgment in preparing your return(s). 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.

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 form-specific, written 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 3rd 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 3rd party.

2. If your business had aggregate amounts in excess of \$10,000 invested in one or more foreign countries in 2023, you are required to disclose this to the IRS within the tax return we prepare for you, so tell us if you want help with this. Separately and in addition, you are responsible for complying with the FBAR regulations by e-filing a TD F90-22.1. (See FBAR on our web site for more information.)
3. If your business used crypto currency for anything, or bought/sold any kind of crypto currency, know that the IRS treats crypto currency as "property" vs. currency, and every transaction must be reported, so bring any use of crypto currency to our attention via email by the end of January.
4. 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.

5. 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.
6. We recommend you never send Social Security numbers or other identity theft-type information via email unprotected, e.g., don't email an unprotected copy of your tax return or W-2 or 1099. 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.
7. From time to time various 3rd 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 3rd 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 return(s) are not intended to benefit or influence any 3rd party, either to obtain credit or for any other purpose.
8. 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 return(s) discussed above or upon our suspension of services or resignation from the engagement.
9. 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 return(s) 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. 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.

Sincerely,

MD Bennett & Associates, P.S.

By: Mark D Bennett, CPA, President

Company name: _____

_____ (Signature) _____ (Date)

_____ (Printed name and title)

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