

Date	
Scope of Returns (years)	
Federal Forms to be prepared	
State Forms to be prepared	
Fee(s)	\$
Please PRINT your name(s) and address here:	
Name:	Name:
DOB _____	DOB _____
Clients have no foreign bank or financial accounts, trusts, estates, gifts, corporations, partnerships, or foreign passive income.	

ACCEPTED BY:	
CLIENT NAME: (please print)	
CLIENT Signature:	
SPOUSE NAME: (please print)	
SPOUSE Signature:	
DATE:	

Dear Clients:

I am pleased to provide you with the professional services described below. This letter is to confirm my understanding of the terms and objectives of my engagement and the nature and limitations of the services I will provide. I will perform my services in accordance with the Statements on Standards for Tax Services issued by the American Institute of Certified Public Accountants.

Scope of Engagement

I will prepare the federal and state income tax returns for the years **as stated above**:

- Form number(s) **as stated above**. If additional forms or schedules are required, a revised estimate of fees will be submitted and approval obtained before any further work is performed;

- If returns for other entities are required (partnership, corporation, trust or estate), a new engagement letter must be signed. In addition I will submit a new fee estimate for the additional services;
- I will not prepare any tax returns except those identified above without your written authorization to do so;
- I will prepare your tax returns based on information and representations that you provide to me;
- I will not audit or otherwise verify the data you submit to me, although I may ask you to clarify some of the information;

I will prepare the tax returns solely for filing with the Internal Revenue Service (“IRS”). They are not intended for third-party use, either to obtain credit or for any other purpose.

As a result, you agree to indemnify and hold me and 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 regardless of the nature of the claim, including the negligence of any party.

Client Responsibilities

I will provide you with an income tax organizers to help you gather and document the information I will need to prepare your income tax returns. **It is your obligation to complete the tax organizers with accurate and complete information, including all worldwide income.**

You are responsible for determining your state or local tax filing obligations with any state or local tax authority, including, but not limited to income, sales, use, and property taxes. You agree that I have no responsibility to research these obligations or to inform you of them.

If upon reading the completed tax organizer, it comes to my attention that you may have an obligation to file additional income tax returns, I will notify you of this in writing and ask you to contact me. If you ask me to prepare these returns, I will confirm this in a letter and detail the additional charges for this service.

You should retain all documents that provide evidence and support for reported income, credits, and deductions on your returns as required under tax law. **You are responsible for the adequacy of all such documents.** You may need to provide these documents to a taxing authority to substantiate the accuracy and completeness of the returns.

Foreign Reporting including Investments, Bank Accounts, Business Interests, Trusts, etc.

Please note that any person or entity subject to the jurisdiction of the United States (includes 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 at any time during the calendar year in a foreign country, shall report such a 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.

If you and/or your entity have a financial interest in, or signature authority over, any foreign accounts, you are responsible for providing our firm with all the information necessary to prepare the Report of Foreign Bank and Financial Accounts (FBAR) required by the U.S. Department of the Treasury in order for the FBAR to be received by the Department on or before June 30th of each tax year. Effective July 1, 2013, electronic filing of FBAR reports is mandatory using the Bank Secrecy Act (BSA) e-filing system for the Financial Crimes Enforcement Network (FinCEN). If you would like our firm to submit your electronic FBAR report (FinCEN Form 114) on your behalf, we must receive a signed consent form (FinCEN Form 114a)

from you prior to submitting the foreign reporting form. If you do not provide our firm with information regarding any interest you may have in a foreign account, or if we do not receive your signed authorization to file your foreign reporting form, we will not be able to prepare and file any of the required disclosure statements.

In addition, the Internal Revenue Service also requires information reporting under applicable Internal Revenue Code sections and related regulations, and the respective IRS tax forms are due when your income tax return is due, including extensions. The IRS reporting requirements are in addition to the U.S. Department of the Treasury reporting requirements stated above. Therefore, if you fall into one of the below categories, or if you have any direct or indirect foreign interests, you may be required to file applicable IRS forms.

- You are an individual or entity with ownership of foreign financial assets and meet the specified criteria (Form 8938);
- You are an officer, director or shareholder with respect to certain foreign corporations (Form 5471);
- You are a foreign-owned U.S. corporation or foreign corporation engaged in a U.S. trade or business (Form 5472);
- You are a U.S. transferor of property to a foreign corporation (Form 926);
- You are a U.S. person with an interest in a foreign trust (Forms 3520 and 3520-A); or
- You are a U.S. person with interests in a foreign partnership (Form 8865).

Failure to timely file the appropriate forms with the U.S. Department of the Treasury and the Internal Revenue Service may result in substantial monetary penalties. By your signature above, you accept responsibility for informing us if you believe that you may have foreign reporting requirements with the U.S. Department of the Treasury and/or Internal Revenue Service and you agree to timely provide us with the information necessary to prepare the appropriate form(s). We assume no liability for penalties associated with the failure to file, or untimely filing, of any of these forms.

Late Filing

The original filing due dates for your federal income tax returns are April 15 of the following year. If these returns are being filed late it is not possible to apply for an extension. Filing late will extend the time available for a government agency to undertake an audit of your return and may extend the statute of limitations. All taxes owed are due by the original filing due date. Therefore you will be subject to late filing and payment penalties and interest on any unpaid balance. I am available to discuss this matter with you at your request at my regular hourly fee should the need arise.

If the returns can not be filed electronically (eg, late filed returns or foreign address), you will have responsibility for signing, dating, mailing the returns and attaching all required supporting documentation.

CPA Firm Responsibilities

You have final responsibility for the income tax returns. Check them carefully for accuracy and completeness before you sign them.

I will prepare your returns based on your filing status (single, married filing jointly, married filing separately, head of household or qualifying widow[er] with dependent child) as reflected in your income tax returns for the most recently filed tax year. If your marital status has changed, you want to change your filing status, or you have questions about your filing status, please contact me immediately.

Unless I am otherwise advised, you confirm that your personal expenses are segregated from business expenses and expenses such as meals, travel, entertainment, vehicle use, gifts, and related expenses for your business are supported by necessary records required by the IRS. At your request, I am available to answer your questions and advise you on the types of records required.

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 I am aware that a possibly applicable tax law is unclear or that there are conflicting interpretations of the law by authorities (e.g., IRS and courts), I will explain the possible 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 interpretations. If the IRS later contests the position taken, there may be an assessment of additional tax, interest, and penalties. I assume no liability for and you hereby release us from any such additional tax, interest, and penalties or other fees and assessments. In the event, however, that you ask us to take a tax position that in our professional judgment will not meet the applicable laws and standards as promulgated, we reserve the right to stop work and shall not be liable to you for any damages that occur as a result of ceasing to render services.

I may deem it necessary to provide you with accounting and bookkeeping assistance solely for the purpose of preparing the income tax returns. I will request your approval before rendering these services. My engagement does not include any procedures designed to discover fraud, theft or other irregularities, should any exist.

My engagement does not include tax-planning services, which are available as a separate engagement. During the course of preparing the tax returns identified above, I may bring to your attention certain available tax saving strategies (such as available credits, deductions, or deferrals) for you to consider as possible means of reducing your income taxes in subsequent tax years. However, I have no responsibility to do so, and will take no action with respect to any such recommendations, as the responsibility for implementation remains with you, the taxpayer.

This engagement does not include responding to inquiries by any governmental agency or tax authority. If your tax return is selected for examination or audit, you may request that I assist you in responding to such inquiry. In that event, I would be pleased to discuss providing assistance to you under the terms of a separate engagement letter for that specific purpose. You agree that you will not and are not entitled to rely on any advice unless it is provided in writing.

If you provide our firm with copies of brokerage (or investment advisory) statements, I will use the information from these statements solely in connection with the preparation of your income tax returns. I will rely on the accuracy of the information provided in the statements and will not undertake any action to verify this information. I will not monitor investment activity, provide investment advice, or supervise the actions of the entity or individuals performing investment activities on your behalf. I recommend that you receive and review all brokerage (or investment advisory) statements promptly and carefully, and direct any questions regarding activities on your account to your broker (or investment advisor).

Timing of the Engagement

I expect to begin the preparation of your returns upon receipt of the completed tax organizers **for the years noted above** and all tax documents requested either in the organizer or by me. My services will be concluded upon delivery to you of your tax returns **as stated above** for your review and filing with the appropriate taxing authorities.

Penalties and Interest Charges

Federal, state and local taxing authorities impose various 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.

I rely on the accuracy and completeness of the information you provide to me in connection with the preparation of your tax returns. Failure to disclose or inadequate disclosure of income or tax positions can result in the imposition of penalties and interests.

The IRS imposes a 20% penalty for substantial understatement of tax. The understatement is considered substantial if it exceeds the larger of 10 percent of the correct tax liability or \$5,000 for individuals. 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. Adequate disclosure requires proper disclosure of the position on the tax return and there must at least be a reasonable basis for the position. A completed IRS Form 8275 or 8275R, which discloses all relevant facts, must be attached to your tax return to meet the adequate disclosure requirement. A disclosed tax position that meets the reasonable basis standard must have some authority supporting the position and more than just arguable.

You agree to advise us if you wish to disclose a tax treatment(s) on your return. You may request our assistance to identify or perform further research to ascertain if there is "substantial authority" for the proposed position to be taken on the tax items in your returns. If you so request, I would be pleased to discuss providing this additional service to you under the terms of this engagement letter.

Unless an undisclosed tax position meets the substantial authority standard I will be unable to prepare the return and will withdraw from the engagement.

If a tax position to be taken on your tax return is based on the advice of another tax advisor, you agree to obtain a written statement from the advisor confirming that the position should meet the substantial authority or more likely than not standards, as applicable.

Fee and Billings

Our professional fee for the services outlined above **will be as stated above.**

This fee is based upon the complexity of the work as presented to me in our previous communication. Additionally, this fee is dependent on the availability, quality, and completeness of your records. You agree that you will deliver all records requested by our staff to complete this engagement on a timely basis. In the event your records are not submitted in a timely manner, or they are incomplete or unusable, I reserve the right to charge additional fees and expenses for services required to correct the problem. If this occurs, I will contact you to discuss the matter and the anticipated delay in completing my engagement prior to rendering further services.

I will bill you for my professional fees as of the date I deliver our work product to you. Payment is due upon submission of my invoice and before the work product is delivered.

Termination and Other Terms

It is our policy to keep records related to this engagement for 3 years from the April 15th due date of the return. However, we do 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.

If any dispute arises among the parties hereto, the parties agree to first try in good faith to settle the dispute by mediation administered by the American Arbitration Association <or other association> under its Rules for Professional Accounting and Related Services Disputes before resorting to litigation. Costs of any mediation proceeding shall be shared equally by all parties.

Client and accountant both agree that any dispute over fees charged by the accountant to the client will be submitted for resolution by arbitration in accordance with the Rules for Professional Accounting and Related Services Disputes of the American Arbitration Association <or other association>. Such arbitration shall be binding and final. IN AGREEING TO ARBITRATION, WE BOTH ACKNOWLEDGE THAT, IN THE EVENT OF A DISPUTE OVER FEES CHARGED BY THE ACCOUNTANT, 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.]

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. If any portion of this agreement is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of the terms set forth in this engagement letter.

I appreciate the opportunity to be of service to you. Please date and sign the enclosed copy of this engagement letter and return it to us in the envelope provided to acknowledge your agreement with its terms. It is our policy to initiate services only after I receive the signed copy of this engagement letter from you.

Very truly yours,



Albert S Johnson III, CPA

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