

# Roesner | Kenney Tax & Accounting

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## *1040 Engagement Letter Individual Income Tax Returns*

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Thank you for choosing ROESNER | KENNEY TAX & ACCOUNTING to assist you with your 2017 taxes. 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 us before you sign it.

This engagement letter represents the entire agreement regarding the services described herein and supersedes all prior negotiations, proposals, representations or agreements, written or oral, regarding these services. It shall be binding on the heirs, successors and assigns of you and us. 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.

### **Tax Preparer Responsibilities**

1. We will prepare your 2017 Federal and Minnesota Individual Income Tax returns from information you furnish to 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. We are not responsible for returns prepared by other preparers. We may furnish you with tax organizers and questionnaires to help you gather and organize the necessary information for us. **If you have taxable activity in a state other than Minnesota you are responsible for providing our firm with all information necessary to prepare any additional applicable state(s) or local income tax returns as well as informing us of the applicable states. We will prepare only those additional state returns specifically listed here :**

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2. **We are responsible for preparing only the specific individual income tax forms for the specified reporting agencies listed in this letter. Any other required services, forms or other actions on our part require a separate engagement letter. In the absence of written communications from us documenting such services, our services will be limited to and governed by the terms of this engagement letter.**

### **Taxpayer Responsibilities**

3. 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 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

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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. Such disclosure includes filing Form 8938 with Form 1040. **If you do not provide our firm with information regarding any interest you may have in a foreign account, we will not be able to prepare any of the required Income Tax related forms and penalties may be due, for which we will have no responsibility. In the absence of such information being provided we will presume you do not have any foreign assets or financial interest and will not file any applicable disclosure forms without separate written authorization.**

4. If you and/or your entity have a financial interest in any foreign accounts, **you are responsible** for filing Form FinCen 114 required by the U.S. Department of the Treasury on or before April 15<sup>th</sup> of each tax year.

5. In addition, currently the Internal Revenue Service, under IRC §6038 and §6046, requires information reporting if you are an officer, director or shareholder with respect to certain foreign corporations (Form 5471); foreign-owned U.S. corporation or foreign corporation engaged in a U.S. trade or business (Form 5472); U.S. transferor of property to a foreign corporation (Form 926); and, for taxable years beginning after March 18, 2010, if you hold foreign financial assets with an aggregate value exceeding \$50,000 (Form 8938). These code sections describe the information required to be reported on the respective forms, which are due when your income tax return is due, including extensions. Therefore, if you fall into one of the above categories **you** may be required to file one of the above listed forms. Failure to timely file may result in substantial monetary penalties. By your signature below, you accept responsibility for informing us if you believe that you fall into one of the above categories and you agree to 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.

6. It is your responsibility to maintain, in your records, the documentation necessary to support the data used in your tax returns, including but not limited to the auto, travel, entertainment, and related expenses and the required documents to support charitable contributions. 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 or signing the e-file signature form.

#### **Other Items**

7. **Our fee does not include responding to inquiries or examination by taxing authorities or third parties, for which you will be separately billed for time and expenses involved. However, we are available to represent you and these services would be covered under a separate engagement letter. You agree to immediately notify us upon the receipt of any correspondence from any agency covered by this letter. Please do not respond to or click on any links from emails purportedly from the IRS – the IRS never initiates correspondence via email and any such emails are attempts to steal your identity.**

8. We are not responsible for the disallowance of doubtful deductions or inadequately supported documentation, 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 K1's, 1099's, 1098's, and receipts and similar items.

9. **Work will not begin on your tax return until you have provided us with all tax documents and necessary information to prepare a complete and accurate tax return. We cannot guarantee that your tax return will be completed by April 17th if we do not receive all of your information by March 24, 2018. In addition, a rush fee in the amount of \$50 will be added to your bill.** In the event that you receive additional information after we prepare your return, an additional fee will be charged to make the necessary changes. If an amended return is required, it may not be completed prior to April 17, 2018. A separate engagement letter and fee will apply.

10. **WE DO NOT automatically file tax extensions for clients – you must notify us in writing, email or fax, by April 1<sup>st</sup> if you wish us to file an extension, and the notification should include your estimate of any balance due with the extension. A retainer in the amount of \$250 will be required.** Failure to file an extension may make you subject to various penalties and interest. Additionally, if your return is extended it does not relieve you from paying any tax due by the due date, or making quarterly estimated tax payments for the current year. Failure to pay any tax due with the extension or failure to pay quarterly estimated tax payments may make you subject to various penalties and interest.

11. 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. **When a self-employed taxpayer reduces taxable income there is also a reduction in earned income reported to the Social Security Administration, which could reduce current and future benefits for the taxpayer and his or her dependents. You acknowledge and agree to the current tax reduction and the potential negative effects on future social security benefits for you, your spouse and any dependents.**

12. New privacy laws were established by the IRS effective January 1, 2009 and we are now prohibited from providing confidential information or copies to anyone other than you without your specific, written authorization. Your communications with us regarding matters raised in preparation of your tax returns are “confidential”, not “privileged”. That means, in most cases our communications cannot be disclosed to third parties without your approval. Tax advice has limited protection from disclosure to the Internal Revenue Service. On the other hand, privileged communications are not permitted to be disclosed, even in court. There is no accountant-client privilege in criminal tax matters. Accordingly, if our firm is serviced by a properly issued administrative summons compelling us to testify in court proceedings, even our confidential communications are subject to disclosure, except in the limited circumstance of tax advice. In the event our firm is served with a summons regarding your affairs, we will immediately contact your legal counsel so that your rights can be protected.

13. It is our policy to keep records related to this engagement for three years after which they are destroyed. 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. **Prior to each tax filing season we have client organizers available to assist you with gathering your tax information. Please notify us if you would like a personalized organizer sent to you.**

14. From time to time various third 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 our insurance carriers as well as the state board of accountancy prohibit us from signing any such document and we suggest that you have them send IRS Form 4506 to the IRS to obtain such verification.

15. We appreciate the opportunity to serve you. Please date and sign a 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 and all tax documents and other information necessary to prepare a complete and accurate tax return. 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,

*Christina Kenney, E.A.*

ROESNER | KENNEY TAX & ACCOUNTING

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

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Taxpayer Signature

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Spouse Signature

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Print Name

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Print Name

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Date

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Date