



## **INDIVIDUAL TAX RETURN ENGAGEMENT LETTER**

**Subject: Preparation of Your Individual/Business Tax Returns**

Thank you for selecting The Rockwood Insurance & Taxation Agency to assist you with your tax affairs. This letter confirms the terms of our engagement with you and the nature and extent of services we will provide.

We will prepare your 2019 federal and all state income tax returns you request using information you provide to us. We may ask for clarification of some items, but we will not audit or otherwise verify the data you submit. We've enclosed a checklist to help you gather the information required for a complete return. If you use the checklist, it will help you avoid overlooking important information and contribute to efficient preparation of your returns. That helps keep the cost of our services as low as possible.

It is your responsibility to provide information required for preparation of complete and accurate returns. You should keep all documents, canceled checks and other data that support your reported income and deductions. They may be necessary to prove accuracy and completeness of the returns to a taxing authority. You are responsible for the returns, so you should review them carefully before you sign them.

Our work will not include any procedures to discover defalcations or other irregularities. The only accounting or analysis work we will do is that which is necessary for preparation of your income tax returns.

Although e-filing requires both you and our Firm to complete additional steps, the same filing deadlines will apply. You must therefore ensure that you complete the additional requirements well before the due dates in order for our Firm to be able to timely transmit your returns. We will provide you with a paper or electronic copy of the income tax returns for your review prior to electronic transmission. You have the final responsibility for the tax returns and should review them carefully before you authorize us to e-file them on your behalf. We are not responsible for the disallowance of doubtful deductions or inadequately supported documentation, nor for resulting taxes, penalties and/or interest. We cannot transmit your returns to the taxing authorities until we have the fully signed authorization forms. Therefore, if you have not provided our Agency with your signed authorization forms by April 10, 2020, we will place your returns on extension, even though they might already have been completed. In that event, you will be responsible for ensuring that any payment due with the extension is sent timely to the appropriate taxing authorities. You will also be responsible for any additional costs our firm incurs arising from the extension preparation.

Pursuant to new standards prescribed in IRS Circular 230 and IRC 6694, we are forbidden from signing a tax return unless we have a reasonable belief that a tax position taken on the return will have a "more likely than not" probability of being sustained on its merits. Under no circumstances may we sign a tax return with a tax position that has no reasonable basis. In the event you ask us to take a tax position that in our professional judgment will not meet the applicable laws and standards, 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. In addition you will be liable for payment of any fee incurred to the date which service has ceased. Currently the IRS

and state taxing agencies are aggressive in assessing penalties. The law provides various penalties that may be imposed when taxpayers understate their tax liability. If any tax authority should later contest a position taken, there may be an assessment of additional tax plus interest and/or penalties. You acknowledge that any such understated tax, and any imposed interest and/or penalty thereon, are your responsibility, and that we assume no responsibility for any such additional assessments.

The law also imposes penalties when taxpayers understate their tax liability. If you have concerns about such penalties, please call us. Your returns may be selected for audit by a taxing authority. Any proposed adjustments are subject to appeal. In the event of a tax examination, we can arrange to be available to represent you. Such representation will be a separate engagement for which an engagement letter will be provided to you. Fees and expenses for defending the returns will be invoiced in accordance with terms we agree on for that engagement.

We have established a base rate for your returns. The fee can ultimately be higher based on the time required, organization, & complexity of the return. **All invoices are due and payable upon pick up of the return.** To the extent permitted by state law, an interest charge may be added to all accounts not paid within thirty (30) days.

This engagement does not include any services not specifically stated in this letter. However, we would be pleased to consult with you regarding other tax matters, such as proposed or completed transactions, income tax projections, and for research in connection with such matters. We will render additional invoices for such services at our standard billing rates.

We will retain copies of records you supplied to us along with our work papers for your engagement for a period of seven years. After seven years, our work papers and engagement files will be destroyed. All of your original records will be returned to you at the end of this engagement. You should keep the original records in secure storage.

To affirm that this letter correctly summarizes your understanding of the arrangements for this work, please sign the enclosed copy of this letter in the space indicated and return it to us in the envelope provided.

We appreciate your confidence in us. Please call if you have questions.

Sincerely,

THE ROCKWOOD INSURANCE & TAXATION AGENCY

*Kabray Rockwood*

KABRAY ROCKWOOD

(Both taxpayer and spouse must sign for preparation of joint returns)

Accepted By: (Taxpayer) \_\_\_\_\_

(Spouse) \_\_\_\_\_

Date: \_\_\_\_\_