

Engagement Letter
Please bring to your appointment

Firm: Pel & Associates

Tax Year: 2021

This firm appreciates the opportunity to prepare your personal income tax return for 2021, and any 2022 estimated taxes. This letter sets forth the services this firm provides as part of the tax preparation process, states potential conflicts of interest, and outlines your responsibilities as a client.

The return(s) will be prepared based on information and documentation you provide without independent verification by this firm. This firm will provide you with a tax organizer to assist you in gathering and organizing the required tax return data to keep the tax preparation fees to a minimum. You will make available information about all your income and deductions so that substantially correct amounts of income and tax can be properly reported. **It is your responsibility to maintain, in your records, the documentation necessary to support the data used in preparing your tax returns.** This firm is not responsible for the disallowance of doubtful deductions or inadequately supported documentation, nor for resulting taxes, penalties and interest.

You are expected to promptly provide requested follow-up materials and any missing information. **If this firm has not received all your tax return information in early April, we may not be able to complete the return before the filing due date.** If your returns are not filed by midnight of April 18, 2022, you may be subject to late filing and/or late payment penalties. This firm is responsible for preparing only the returns listed above. The preparation fee does not include examination by taxing authorities. However, the firm is available to represent you and the fees for such services are at the firm's standard rates and would be covered under a separate engagement letter.

It is understood that anything you tell this firm during the interview for the preparation of your tax return is confidential, but not protected from the IRS or state tax authority. In addition, the firm cannot disregard the implications of any information you provide in the process of preparing your return. Any of the work papers used to prepare your returns, as well as the communications between you and this firm can be summoned by the IRS in a legal action against you. If this is of concern to you, you should discuss this with legal counsel prior to engaging this firm for the preparation of your returns.

This firm will use its best judgment to resolve questions in your favor where a tax law is unclear, if there is a reasonable justification for doing so. Whenever we are aware that a possible application of 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 follow whatever position you request, so long as it is consistent with the codes and regulations and interpretations that have been promulgated. If the IRS or a state tax agency 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. **If you were married on 12/31/21, you have a choice of filing a joint or separate tax return for 2021;** if there are dependents, one of you may qualify for Head of Household, while the other must file as Married Filing Separately. ⁽¹⁾

- If you file joint returns, you are accepting joint and/or separate responsibility for any tax assessed on the returns. Be especially concerned if there is an unpaid liability on the final returns as submitted; you can be held separately liable for the full amount of the underpayment. If you have any questions about your potential liability, please ask.
- If jointly filed returns (from any year) are later challenged by the IRS or state tax agency and any additional tax is assessed, each filer can be held liable for the full additional tax. If you are separated or contemplating divorce, you may wish to make sure any dissolution agreement reflects that any additional tax for the 2021 year will be paid by the individual who generated the additional income. **However, this will not prevent the IRS or state agency, if applicable, from assessing the tax or attempting to collect it from both parties.**
- If joint returns are prepared for you that are later challenged by the IRS or state tax agency, this firm will not be allowed to represent either of you separately and will only be able to represent both of you if the representation can be provided objectively and with written consent from both of you.
- If you are contemplating dissolution of marriage or were previously married to another client of this firm, you must understand that preparing the returns of both can involve inherent conflicts of interest for the person being asked to prepare the returns. Therefore, before this firm can prepare your return, you acknowledge that this firm cannot place information on your return in conflict with the information used in preparing your spouse's or former spouse's return. Additionally, if this firm represents both parties, conversations or other communications by either party with this firm are not considered confidential and are available to the other party. In fact, this firm may be required to disclose any oral or written communications between this firm and one party to the other party.

Fees for services will be at the firm's standard rates. In some circumstances, a retainer may be required. Payment for services is due when rendered and, in some circumstances, interim billings may be submitted as work progresses and expenses are incurred.

You will be provided with copies of the completed returns. We will provide one paper copy free of charge, any additionally copies will be \$25 each. **It will be your responsibility to review the documents carefully before signing and filing the returns or signing the authorization for this firm to electronically file the returns to verify that the information is correct and accurate.**

Agreed:

Filer (Signature) _____ Date: _____ Spouse (Signature) _____ Date: _____

Filer (Print): _____ Spouse (Print): _____

(1) Treas. Dept. Circular 230 Sect. 10.29, Conflicting interests: A practitioner may not represent potential conflicting interest in his or her practice before the IRS unless the practitioner reasonably believes that the representation of any party before the Service will not be adversely affected; and all parties represented by the practitioner who have an interest in the matter before the Service expressly consent in writing to the representation after the practitioner has fully disclosed the potential conflict. Moreover, copies of the written consents must be retained by the practitioner for at least 36 months from the date of the conclusion of the representation of the affected clients, and the written consents must be provided to any officer or employee of the IRS on request. Finally, a practitioner may not represent a party in his or her practice before the IRS if the representation of the party may be materially limited by the practitioner's own interest, unless the practitioner reasonably believes the representation will not be adversely affected and the client consents after the practitioner has fully disclosed the potential conflict, including disclosure of the implications of the potential conflict and the risks involved.

Tax Preparation Process:

Step 1: Make an in-person or virtual appointment

Step 2: Bring tax documents to an in-person appointment or forward tax documents to Pel & Associates ONE WEEK *prior* to your scheduled appointment.

Step 3: Discuss the tax return and documents with the preparer during your in-person or virtual appointment.

Step 4: Forward follow-up or missing documentation to Pel & Associates, if needed.

Step 5: An email will be sent with instructions on how to view your tax return in the secure Cloud Cabinet. If a paper copy of the return is requested, it will also be mailed.

Step 6: Review your tax return. Ask any questions you may have.

Step 7: Return the e-file authorizations to us. We will NOT e-file your return until we receive your signature. Your signature indicates that you have reviewed your tax return and asked all pertinent questions.

Step 8: Pel & Associates will e-file the tax return.