



ACCOUNTING, TAX, & PAYROLL

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Dear Client,

This letter is to confirm and specify the terms of our engagement with You (You, Yours, Client) and to clarify the nature and extent of the services (We, Us, Our) will provide:

We will prepare your 2023 Federal Tax Return and your State Return(s), if required.

The retainer amount is required prior to commencing services. We are not obligated to render any services until the engagement letter is properly executed and retainer is paid. We reserve the right to discontinue work if progress billings are not paid.

Note: If our tax preparation services are included as part of a bundle of services we are currently providing you, you do not need to pay a retainer. You will not be invoiced for tax preparation services.

Our engagement is only for tax preparation services ONLY for the year 2023.

We will NOT respond to IRS correspondence nor represent you during an examination as part of THIS engagement. Those services are separate engagements and distinct services. You may engage us for those services apart from THIS engagement.

THIS engagement does NOT include offering our opinion, researching applicable tax law, or providing you with tax advice on actual or hypothetical transactions or events. Those services are also outside the scope of tax preparation services. You may engage us for those services apart from THIS engagement.

We expect you to provide us with complete, truthful, and accurate information. However, we will not audit or otherwise verify the data you submit. You agree to provide us with a tax organizer with your responses and necessary templates with requested information. Providing us with the completed tax organizer will help to ensure that you are not overlooking important information that may be necessary for complete and accurate returns, as Well as may help to minimize our fees.

You cannot rely on our tax preparation services to uncover fraud, errors, illegal acts, defalcations or other irregularities.

We do not accept original documents. Please provide us with copies of the original documents. We do not accept or keep original documents in our office. Any documents you indicate are originals will be scanned and returned to you immediately after scanning. Any documents left in our office are left at your own risk. We are not responsible for documents left in our office or lost in the mail. It is your responsibility to pick up documents left at our office.

It is your responsibility to retain and protect your documents for future reference. We may retain copies to support OUR workpapers and these copies are for “our use only” and will be held as required by law or by professional standards.

Our services end when we file your tax return(s) OR after 30 days of us not hearing from you.

Fees

Retainers and progress billings are advances that will be applied to the final invoice. Our fee estimate is based upon best-case scenario and may change. Matters that require a considerable amount of professional judgment or situational guidance (back-and-forth) will incur additional fees due to the additional resources utilized. In some cases, final billed amounts may differ and exceed amounts originally estimated. Our final invoice is due upon presentation.

All fees are considered earned when paid and non-refundable. Returned ACH/check transactions will incur an additional \$30 fee. All unpaid fees will incur a monthly 1% late fee. You agree to reimburse us for collection cost associated with this engagement.

Deadlines

We must receive all information to prepare your returns fifteen (15) calendar days prior to the due date. We cannot guarantee that we can timely file a return if we do not receive all of the required information at least fifteen days prior to a deadline.

We will do our best to file a timely and accurate return even if you provide us with information with less than fifteen days from the deadline. Because of the disruption in our process, you agree to pay a rush fee in such cases.

You understand that failure to file a timely return is ultimately your responsibility. We are not responsible for penalties that result from failure to file a timely return.

Basis and “At Risk” Rules

We will NOT determine basis or amounts determined to be “at-risk.” Distributions of earnings made by pass-through entities could be considered liquidating distributions, and therefore subject to additional taxes. Lack of basis and “at risk” rules can limit the amount of losses that can be deducted from pass-through entities. Both basis calculations and “at risk” calculations require a significant amount of professional judgment and information that is beyond the scope of an ordinary tax return preparation. You are encouraged to assess basis and “at risk” amounts on your own.

Your Responsibility

You agree to provide us truthful information and review your tax returns. You are ultimately responsible for filing accurate and timely tax returns. Double check the spelling of your names, addresses, taxpayer ID numbers, etc. for accuracy. We will do our best to catch spelling errors or incorrect numbers, but it is ultimately your responsibility to check that information.

You agree to provide us with truthful, accurate, and timely information. You understand that our services are based on the information that you provide us. Failure to provide us with timely, accurate, complete, and necessary information will result in delays in deliverables and/or affect our ability to render services.

We will communicate with you once a draft of your return is completed and if additional information is required. You agree to provide us with such information and review our work within fifteen (15) days from the date we presented our work to you or make our request. Failure to respond timely to our request may affect our ability to complete the work timely.

You agree that your failure to communicate will be interpreted as either you are terminating our services OR as accepting any work presented to you “as-is” which could be incomplete and may contain material omissions.

You are also financially responsible for the fees incurred for the work we are performing. A retainer or progress billings are advances to apply against future invoices, but not the total or final amounts owed for services rendered. Differences between your advances and the final invoice will exist. You will receive a final invoice upon the completion of our services or upon your termination which is due upon presentation.

Applicable Tax Law

We will use our professional judgment in preparing your returns. We will use our professional judgment and expertise to assist you. However, tax law can change quickly. We will make every effort to provide you with the best advice possible, but we will follow whatever position you request, as long as it is consistent with the codes, regulations, and interpretations that have been promulgated.

If a taxing authority should later contest the position taken, there may be an assessment of additional tax, interest and penalties. We assume no liability for any such assessment of additional tax, penalties or interest. In the event 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 OR disclose such positions on the return.

The law provides for a penalty to be imposed where a taxpayer makes a substantial understatement of their tax liability. Taxpayers may seek to avoid all or part of the penalty by showing (1) that they acted in good faith and there was reasonable cause for the understatement, (2) that the understatement was based on substantial authority, or (3) there was a reasonable basis for the position taken on the return and the relevant facts affecting the item's tax treatment were adequately disclosed on the return. Because we rely on you to disclose to us all relevant facts and circumstances, it's possible that incorrect positions are taken on the return or that necessary disclosures are omitted. We do not assume responsibility for any penalties or interests assessed.

Filing of Returns

We will file your tax return(s) electronically **after** We receive a properly executed Form 8879 AND all outstanding fees are paid. In case we receive a rejection after submitting your return(s) electronically, we will provide you with all the necessary documents and instructions for you to paper file the return.

We can only file your return(s) with proper authorization to file AND after you have paid any outstanding balances for the services rendered. Proper authorization will be a hand-signed Form 8879 OR an electronic Form 8879 using the last 5 of taxpayer ID as the signature PIN. Joint returns require TWO signatures, i.e. one for the taxpayer and the second for the spouse.

Verbal and all other expressions of authorization including Facebook messages, text messages, voicemails, etc. are NOT considered "proper authorization" to e-file returns on your behalf.

We do not accept responsibility for paper mailed returns. It is your responsibility to ensure that it is mailed, processed, accepted, and posted to your transcript by the IRS in a timely manner.

We do our best to ensure that your returns are successfully transmitted to the appropriate taxing authorities. However, we will not be financially responsible for failed electronic transmissions or other errors in submission. It is your responsibility to review your compliance history directly with the taxing authorities and to ensure your returns are properly filed and accepted.

Extensions

You agree that we will place your returns on extension upon execution of our engagement. By signing our engagement letter or paying the retainer, you authorize us to file an extension on your behalf. You will be responsible for ensuring that any payment due with the extension is timely sent to the appropriate taxing authorities.

Extensions do not extend the time to pay, only the time to file. Therefore, we advise you to make estimated tax payments as required by law. We assume no liability for late filing, late payment penalties, or additional interest incurred. **It is your responsibility to pay your taxes as required by law.** We will work on your return on first-come, first-served basis.

Your Responsibility Over Information Provided and Tax Returns Submitted

You understand and agree that you are responsible for the accuracy and completeness of the records, documents, explanations, and other information provided to us for purposes of preparing your tax return.

You are ultimately responsible for the completeness and accuracy for filed tax returns. You should review them carefully before you submit them since you are attesting to their accuracy under penalty of perjury.

Disallowed Deductions and Rejections

We are not responsible for a taxing authority's disallowance of deductions or tax return adjustments. We are also not responsible for the resulting taxes, penalties, and interest that result from omissions, disallowances, or errors.

In the case that your electronically filed return is rejected, we will make every effort to correct the reason for the rejection and resubmit the return. This may require your cooperation and additional information. In the case that we are unable to electronically file your return, you agree to paper-file the return and to take responsibility for its timely filing and acceptance.

Document Retention Policy

It is your responsibility to retain and protect original documents used in the preparation of your return for future use, potential examination by any government or regulatory agency, prospective buyers of your business, acquiring loans, etc.

Our responsibility is only to provide you with an electronic copy of your return in PDF format. It is your responsibility to retain a copy of the return we provide you in PDF format for your records.

The PDF tax return provided is protected with a password. The password is the last 5 numbers of the taxpayer's tax ID number. The cost of providing you with a second PDF copy will be \$25.

Electronic Transmittals

You agree to transmit your information via email and other insecure methods of transmission. These methods of communication may include, but are not limited to, E-mail, text, social media messages, etc.

We shall not be liable for any loss, damage, expense, inconvenience, or harm resulting from the loss, delay, interception, corruption, or alteration of any electronic communication.

You agree to receive regular electronic messages via email, text messaging, electronic newsletters, and via other electronic methods (Snapchat, Facebook messenger, Twitter, LinkedIn, etc.) for us to efficiently communicate information related to the deliverance of our services. The contact information (including email addresses, cellular numbers, etc.) of key contacts will be covered by this agreement. You agree NOT to report such messages as "spam" and agree to receive as many as 4 messages per Week until you opt-out. We will make every effort to make such messages relevant and concise. Upon opting-out, we will honor your opt-out requests within a reasonable period of time.

Changes in Scope

We are only obligated to render tax preparation services for the specific years and taxpayers we agree to in writing. In this case, it the prior fiscal year ONLY or 2023.

Changes in scope are formal and must be in writing and duly executed by both parties (the You and us). To the extent that all specific details of the engagement are not documented, both parties shall work diligently and in good faith to document them at the request of either party.

Examples of Out-of-Scope Services

All services outside of "tax preparation" services are out of scope. Giving testimony or appearing in or participating in discovery proceedings, in administrative hearings, in court or in other legal or regulatory inquiries or proceedings are OUT OF SCOPE (but not limited to such services). You agree to reimburse us for the costs, expenses and time spent in legal and regulatory matters or proceedings arising from this agreement, such as subpoenas, testimony, bankruptcy filings, consultation involving private litigation, arbitration, government, or industry regulation inquiries, whether made at your request, the request of a third party or by subpoena or equivalent. You will be billed separately at our standard rates for such services.

The following are additional examples (but is not an all-inclusive list) of out-of-scope services: reviewing your bookkeeping records, preparing financial statements, going through your receipts in order to total your expenses, summarizing your transaction ledgers, responding to correspondence from taxing authorities, representing you during an audit, providing you with tax advice on transactions, reviewing your historical tax compliance history, determining if you owe for prior years, and providing you with tax minimization strategies, etc.

Unexpected circumstances

Neither party shall be liable for any delay or failure in performance due to circumstances beyond our control. If, in our professional judgment, such circumstances exist, we may resign from this engagement prior to completion without incurring any liability to you. In addition, we reserve the right to, in whole or in part, decline to perform services if information comes to our attention indicating that performing any services could cause us to be in violation with applicable law, regulations or standards, be in conflict of interest, or suffer damage to our reputation.

Updates after completion of work

We shall have no responsibility to update any of our work after completion. Amendments to previously filed returns are considered separate engagements and will incur separate fees.

Tax preparation involves analysis, professional judgment, answers often not certain or verifiable in advance, changing facts, changes to available information. Accordingly, evaluation of our services shall be based solely on its substantial conformance with any standards or specifications expressly set forth in this agreement and all applicable professional standards, and any claim of nonconformance (and applicability of such standards) must be clearly and convincingly shown.

Termination of Services

You must communicate if you wish to cancel our services. You must notify us by email at tax@ia-cpa.com that you wish to cancel our services. You agree to accept incomplete work (“as-is” with all faults and errors). You may also owe us for the work we have performed to that point but not yet invoiced. You will remain financially responsible for such work.

Failure to pay outstanding balances (including requests for retainers or progress payments) within fifteen (15) days of our requests (invoice submission) will be considered a voluntary termination.

In all cases, you agree that your failure to communicate or respond to our requests is a voluntary termination. Failure to provide needed information OR not responding will be considered a voluntary termination after thirty (30) days from the date of our last request. We reserve the right to set a deadline in which your lack of response will be considered a voluntary termination. This deadline may be sooner or later than thirty days from our last request. In such case, we will disclose this date to you.

Fees paid are considered earned when paid and non-refundable. You will not be refunded any amount for incomplete services.

You will not receive partially completed work products since we do not provide partially completed tax returns.

Damages

You agree we are NOT liable for lost profits, governmental penalties, and interest, missed opportunities, or similar damages resulting from our services. The parties agree to limit damages to the extent of fees paid under all other circumstances.

Assignment

The You(s) may not assign or delegate your rights or obligations pursuant to this Agreement.

Severability

If any court determines that any provision of this agreement is invalid or unenforceable, any invalidity or unenforceability will affect only that provision and will not make any other provision of this agreement invalid or unenforceable. Instead, the court shall modify, amend, or limit the provision to the extent necessary to render it valid and enforceable.

Governing Law

This agreement will be governed by and construed in accordance with the laws of the state of Texas and Denton County, Texas.

Resolving Disputes

If any dispute arises among the parties, they agree to try first in good faith to settle the dispute by mediation administered by the American Arbitration You (AAA) under its Rules for Professional Accounting and Related Services Disputes. All unresolved disputes shall then be decided by final and binding arbitration in accordance with the Rules for Professional Accounting and

Related Services Disputes of the AAA. Fees charged by any mediators, arbitrators, or the AAA shall be shared equally by all parties. IN AGREEING TO ARBITRATION, WE BOTH ACKNOWLEDGE THAT IN THE EVENT OF A DISPUTE 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.

Very truly yours,

A handwritten signature in black ink, consisting of a large, stylized loop followed by a horizontal line extending to the right.

Ivan Alvarez, CPA

Accepted by:

Taxpayer

Date

Spouse

Date