



*Personal & Business Returns*

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Dear Client:

We appreciate the opportunity to work with you and advise you regarding your income tax. The Internal Revenue Service imposes penalties upon taxpayers and 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 returns are prepared to confirm the following arrangements.

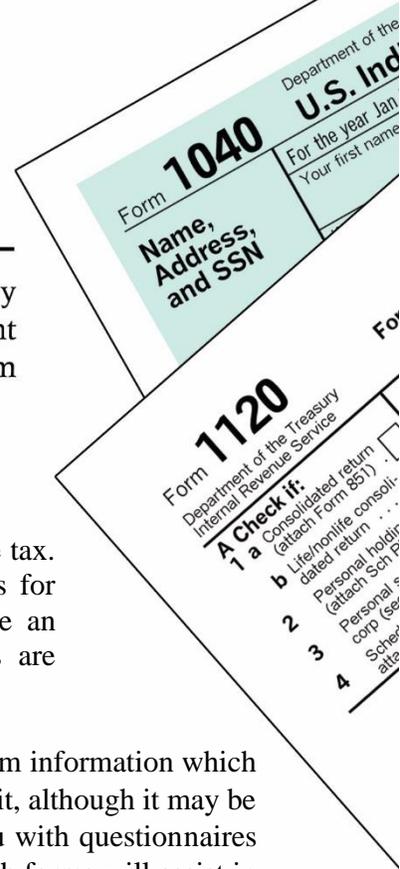
We will prepare your **2019** federal and requested state individual income tax returns from information which you will furnish to us. We will make no audit or other verification of the data you submit, although it may be necessary to ask you for clarification of some of the information. We will furnish you with questionnaires and/or worksheets to guide you in gathering the necessary information. Your use of such forms will assist in keeping pertinent information from being overlooked. We will deliver your tax returns within 45 days of receipt by us of your completed tax data for the year. Delivery dates may be extended if your tax data is not complete. If your tax data is not complete, we will notify you of additional data needed to complete your returns.

You will provide all the information required for the preparation of complete and accurate returns. All of the source documents that you provide to us will be returned to you with your completed tax returns. You should retain all the documents, canceled checks and other data that form the basis of income and deductions. These may be necessary to prove the accuracy and completeness of the returns to a taxing authority.

Additionally, some sections of the Internal Revenue Code contain specific documentation requirements before a deduction may be claimed. Adequate records must be maintained in order to claim a deduction for travel, entertainment expenses, and deductible gifts. These records must establish the time and place of the travel, the amount of the expense, business purpose, and the business relationship of the person entertained or receiving the gift. In addition, no deduction is allowed for a charitable contribution of \$250.00 or more unless the taxpayer has a receipt (not just a canceled check) from the charity BEFORE filing the tax returns.

The law also provides for a penalty of 20% to be imposed on any underpayment that results from negligence or disregard of rules or regulations. Negligence “includes any failure to make a reasonable attempt to comply ...” with the code. Disregard “includes any careless, reckless or intentional disregard”. Taxpayers may seek to avoid all or part of the penalty by showing they acted in good faith and can demonstrate reasonable cause for the understatement. The law provides various other penalties that may also be imposed when taxpayers understate their tax liability. If you would like information on the amount or the circumstances of these or other penalties, please contact us.

We will contact you if we discover new information that will affect your tax returns. You also have the responsibility to alert us of any information that would lead to a change in your tax returns (whether or not they are completed and/or filed). We are not responsible for a disallowance of deductions or inclusion of additional income, or any resulting taxes, interest and penalties. You have the final responsibility for the



income tax returns and, therefore, you should review them carefully before you sign them. Also, your tax returns, or parts thereof, may be processed by our tax software supplier at its outside tax computer processing center.

Our work in connection with the preparation of your income tax returns does not include any procedures designed to discover errors, fraud, or illegal acts, should any exist. If you have employees, you should secure an appropriate level of employee dishonesty insurance to better protect your assets. (Note: Any questions you have should be directed to your insurance agent.) We will render such accounting and bookkeeping assistance as determined to be necessary for preparation of the income tax returns. We will use professional judgment in resolving questions where the tax law is unclear, or where there may be conflicts between the taxing authorities' interpretations of the law and other supportable positions. Unless otherwise instructed by you, we will resolve such questions in your favor whenever possible. Additionally, you have the responsibility to properly prepare and file all payroll tax, sales tax, excise tax, retirement plan filings, and incidental tax reports, unless we are engaged under a separate engagement letter to prepare any of the listed tax returns. You are also responsible for the timely payment of any quarterly estimated tax.

Significant penalties can be assessed for the late payment of your federal and state income tax liabilities. An extension of time to file does not extend the time to pay your income tax liabilities. Accordingly, we will estimate your tax liabilities based on the best information available to us when extension requests are prepared and filed. Any portion of your current year's income tax liability that is paid after April 15<sup>th</sup> of the following year will be subject to interest charges and possible penalties. If the underpayment is more than 10% of your total liability, the monthly penalty can be as high as 5%.

An accurate determination of your current year's tax liabilities is equally important to determine the adequacy of any estimated tax payments that may be required. Penalties can also be imposed for failure to timely pay your estimated income tax liability. A common exception to the imposition of these penalties is to pay quarterly amounts, by wage withholding and estimated tax payments, based on your prior year's tax liability reflected on your original return. (Only if your current year return is filed by April 15<sup>th</sup> of the following year can you be sure that you qualify for this penalty exception.)

The fee for these services will be based upon the amount of time required at standard billing rates (\$135/hr.) plus out-of-pocket expenses. All invoices are due and payable upon presentation. A service charge of 1½% per month (18% APR) will be charged for any invoices remaining unpaid thirty days after presentation. Any accounts referred to our counsel for collection, whether or not litigation is required, shall have added all costs and expenses of collection including, but not limited to, our actual attorney's fees.

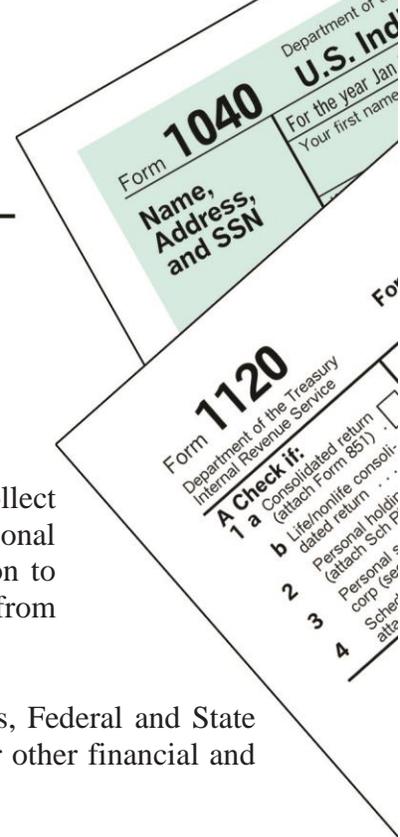
If you are married and we prepare returns for you and your spouse, you should recognize that your individual interests may conflict with one another. If either spouse has concerns or questions relative to possible conflicts, you both agree that you will seek independent advice. You further agree to hold us harmless concerning those decisions, since you have the opportunity to seek independent advice.

Your returns may be selected for review by the taxing authorities. Any proposed adjustments by the examining agent are subject to certain rights of appeal. In the event of such government tax examination, we will be available upon request to represent you and will render additional invoices for the time and expenses incurred.

Very truly yours,



Michael A. Gasparly  
IRS Enrolled Agent



## Privacy Policy

It has always been the policy of Executax, LLC to keep all information that we collect from you, confidential from all sources. We restrict access to all nonpublic personal information about you to members of our firm who need to know that information to provide services to you. We do collect nonpublic personal information about you from the following sources:

- Information we receive from you on tax preparation organizers, worksheets, Federal and State tax reporting forms, and from other documents we use in tax preparation or other financial and related services.
- Information about your transactions with us, our affiliates, and others.
- Information we may receive from outside agencies such as banks and brokerage houses.

We do not disclose any nonpublic personal information about our clients or former clients, except as permitted, required, or approved by you in writing as listed below:

- Requirements to comply with federal, state or local law.
- Requirements to comply with national, state or local licensing rules.
- Requirements to disclose information in response to legal subpoenas.
- Items you permit or request us to disclose, as authorized by you in writing.
- Information that you authorize us to disclose by signing this engagement letter to electronically file your tax return, when applicable.
- Information that you authorize us to disclose by signing this engagement letter, which discloses that you are our client, without disclosure of financial or other personal information.

If you are married and we are filing returns for both spouses, this engagement letter must be signed by both of you.

I/we have read, understand, and accept the conditions of the engagement letter and the privacy policy discussed above.

Client Signature \_\_\_\_\_ Date: \_\_\_\_\_

Client Signature \_\_\_\_\_ Date: \_\_\_\_\_

**\*\* Please remember to retain a copy for your records and return the signed original to our office. \*\***