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To: Our Tax and Business Clients

Re: Engagement for 2021 and/or prior year Tax Services (Prepared in 2022)

The purpose of this engagement letter is to outline your rights and responsibilities that you as a client must follow as well as Lake Stevens Tax Services (LSTS) involvement and commitment to you, our valued client. This tax engagement letter pertains only to the 2021 tax year, and our responsibilities do not include preparation of any other tax returns that may be due to any taxing authority. Our engagement will be complete upon the delivery of the completed returns to you. Thereafter, you will be solely responsible to file the returns with the appropriate taxing authorities.

After signing this engagement letter, you are acknowledging and agreeing to the following statements and are agreeing to the following procedures with our firm to the best of your knowledge and understanding.

#### TAX MATTERS

- ➔ That you understand that it is your responsibility to provide our firm with all the information required to complete your tax return.
- ➔ That you have provided true, correct and complete information regarding your income as listed on the attached forms W-2, 1099's and/or attached written summaries. It is your responsibility to provide your expenses in a clear manner. LSTS will not be auditing these receipts. We will be reviewing them for their reasonableness. You will retain for 5 years, all documents, receipts, cancelled checks and other records required to substantiate the items of income and expenses. These may be necessary to prove the accuracy and completeness of the returns to a taxing authority.
- ➔ That you have maintained written documentation supporting all amounts, including logbooks and receipts. That you understand that if a question arises regarding the interpretation of tax law, and a conflict exists between the authorities' interpretation of the law, and other supportable positions, that LS Tax Service will use our professional judgment in resolving these issues.
- ➔ As a client, it is your responsibility to contact us immediately if you discover additional information that will lead to a change in your return.
- ➔ If, during our work, we discover information that affects your prior-year tax returns, we will make you aware of the facts. However, we cannot be responsible for identifying all items that may affect prior-year returns. If you become aware of such information during the year, please contact us to discuss the best resolution of the issue.
- ➔ It is your responsibility to contact us immediately if you receive any notice from the IRS. Please send us the notice immediately and be sure NOT TO WRITE ON THE OFFICIAL IRS CORRESPONDENCE. LSTS reserves the right to charge a reasonable fee for assisting in handling and responding to any and all IRS letters and notices.
- ➔ You have the final responsibility for the income tax returns and, therefore, you should review them carefully before you sign them.

## AUDITS

The climate within the IRS and the state taxing agencies is changing when it comes to audits. In our general area, the number of IRS audits has increased dramatically. Due to this rise, as always you need to exercise extreme caution and care in assembling and preparing your records for your tax appointment. The following are procedures that you are agreeing to and policies that Lake Stevens Tax Service will follow:

- ↘ You understand that all tax agencies have the right to examine your returns, and that you are ultimately responsible for retaining all the documentation and records which were used to compile your returns. This is especially important in the area of business travel, entertainment deductions, business use percentage of autos and home use, other depreciable assets, bartering & trading activities.
- ↘ If there is a direct error on the part of Lake Stevens Tax Service, we will pay that portion of the penalty that you are assessed by the IRS. We will not be responsible for compensating you for the interest that you might be charged. This is with the understanding that you let LSTS respond to all audits, letters and correspondence with the IRS.
- ↘ The law provides various penalties and interest that may be imposed when taxpayers understate their tax liability. You acknowledge that any such understated tax, and any imposed interest and penalties, are your responsibility, and that we have no responsibility in that regard. If you would like information on the amount or circumstances of these penalties, please contact LSTS.
- ↘ That you understand that if your tax return is called for an audit, that you will be charged an audit fee. This fee is to assemble your completed records in the manner which is acceptable for an audit. You will be charged a reasonable hourly fee to prepare and represent you in your audit. The audit fee also includes the audit interview, assembling the organized data into our audit format and the actual audit which usually takes three business days. If your records are not presented in an organized manner, LSTS reserves the right to bill out at \$95 per hour to organize your records.

## FEES

The tax preparation fee that we will charge covers the following services:

- ✓ Tax preparation appointment and preparation of your 2021 personal / business return.
- ✓ Electronic filing of the federal return.
- ✓ Copy for your files and if you file manually, copy for the IRS.

Due to the ever increasing demands on our special services by client's and third party agencies, there are additional fees for extra services. As a client of Lake Stevens Tax Service, you are agreeing to the following fees and payment procedures:

- Your tax preparation fee is to be paid at the time of service unless otherwise agreed to.
- If the fee is to be billed, it is to be paid for at the time you RECEIVE YOUR TAX RETURN, Any fee that is not paid within 30 DAYS will be assessed a \$10.00 per month re-billing fee and a 1 % per month finance charge.
- If you do not call within 24 HOURS of any scheduled tax and/or business appointment to cancel or reschedule, we will be billing you our standard cancellation fee of \$ 100.
- If you request an additional copy of your tax return, we will be billing you at a rate of \$ 35 per year per copy. This includes mailing you an extra copy and/or faxing a copy to a third party. We will have to have your WRITTEN permission to fax to a third party due to disclosure rule.
- If you need a letter written to a financial institution verifying your business tax return, there is a minimum fee of \$ 95.
- If your tax situation changes and you need a consultation or review of your upcoming tax return, LSTS reserves the right to charge a minimum fee of \$95.

- If your records need to be organized and totaled, it is up to the discretion of your preparer whether LSTS or you will be organizing this data due to time constraints. There will be a \$95 per hour fee for organizing your receipts to prepare your return.
- Audit fee will be determined on a case by case basis.

Additional fees may be assessed for other extra services, such as:

- ✓ College financial aid forms
- ✓ IRS negotiation of payments on past tax debts, including offer in compromises
- ✓ Sales tax reports
- ✓ Business consultations will be \$250

### **ACKNOWLEDGEMENT**

Any litigation arising out of this engagement, except actions by us to enforce payment of our professional invoices, must be filed within one year from the completion of the engagement, notwithstanding any statutory provision to the contrary. In the event of litigation brought against us, any judgment you obtain shall be limited in amount, and shall not exceed the amount of the fee charged by us, and paid by you, for the services set forth in this engagement letter.

This letter supersedes any prior oral or written representations or commitments by or between the parties. Any material changes or additions to the terms set forth in this letter will only become effective if evidenced by a written amendment to this letter, signed by all of the parties.

Acknowledgement of the engagement letter is on the next page (page 4). Please sign the separate copy and return it to this office with either your appointment request or when you have your tax appointment. If you have any questions, please contact the office.

**ENGAGEMENT LETTER**

PRINT YOUR NAME \_\_\_\_\_

This engagement letter, after signing, is an acknowledgement that you have engaged Lake Stevens Tax Service to prepare your 2021 business and/or personal tax return. We will not be able to prepare your 2021 tax return until your engagement letter has been received by this office.

We greatly appreciate your giving Lake Stevens Tax Service the privilege to participate in your business and/or personal tax filing. We look forward to continued years of service to you, and by signing this engagement letter, you have decided to retain Lake Stevens Tax Service for the business and/or personal tax filing for the year of 2021-2022.

If you are requesting a tax appointment online via our website [WWW.LSTAX.COM](http://WWW.LSTAX.COM) you will be required to accept the terms and conditions of this engagement letter prior to submitting your appointment request. Since you are accepting the terms, you will NOT need to send in this form.

TAXPAYERS  
SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_

SPOUSE  
SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_