

# PERRY PALETTA, CPA

Dear Client

I appreciate the opportunity to work with you. This letter is to specify the terms of my engagement, clarify the nature and extent of the services I will provide, and confirm an understanding of our mutual responsibilities.

I will prepare your **2019** federal and state individual income tax returns based on the returns you filed last year.

## U.S. filing obligations related to foreign financial assets

As part of your filing obligations, you are required to report the maximum value of specified foreign financial assets, which include financial accounts with foreign institutions and certain other foreign non-account investment assets that exceed certain thresholds. You are responsible for informing us of all foreign assets, so we may properly advise you regarding your filing obligations.

These assets include any ownership interests you directly or indirectly hold in businesses located in a foreign country, and any assets or financial accounts located in a foreign country over which you have signature authority. Based upon the information you provide, this information will be used to calculate any applicable foreign tax credits. We will also use this data to inform you of any additional filing requirements, which may include *Form 8938, Statement of Specified Foreign Assets*, and *FinCEN Form 114, Report of Foreign Bank and Financial Accounts* (“FBAR”). Failure to file required forms can result in the imposition of both civil and criminal penalties, which may be significant. The FBAR is not a tax return and its preparation is not within the scope of this engagement. If you ask us to prepare the FBAR, we will confirm this representation in a separate engagement letter.

## Foreign filing obligations

You are responsible for complying with the tax filing requirements of any other country. You acknowledge and agree that we have no responsibility to raise these issues with you and that foreign filing obligations are not within the scope of this engagement.

## Ultimate responsibility

You have final responsibility for your tax returns. We will provide you with a copy of your electronic tax returns and accompanying schedules and statements for review prior to filing with the IRS and state and local tax authorities (as applicable). You agree to review and examine them carefully for accuracy and completeness.

You will be required to verify and sign a completed *Form 8879, IRS e-file Signature Authorization*, and any similar state and local equivalent authorization form before your returns can be filed electronically.

## Government inquiries

This engagement does not include responding to inquiries by any governmental agency or tax authority. If your tax return is selected for examination or audit, you may request our

assistance in responding to such an inquiry. If you ask us to represent you, we will confirm this representation in a separate engagement letter.

### Third-party verification requests

We will not respond to any request from banks, mortgage brokers or others for verification of any information reported on these tax returns.

To enhance our services to you, we will use ShareFile a secure file transfer application. ShareFile allows you to share data, engagement information, knowledge, and deliverables in a protected environment. You agree that Perry Paletta CPA has no responsibility for the activities of ShareFile and agree to indemnify and hold Perry Paletta CPA harmless with respect to any and all claims arising from or related to the operation of ShareFile. You are encouraged to use this service in lieu of e-mail attachments. A link to ShareFile is provided on my website.

### Documentation

You are responsible for maintaining adequate documentation to substantiate the accuracy and completeness of your tax returns. You should retain all documents that provide evidence and support for reported income, credits, and deductions on your returns, as required under applicable tax laws and regulations. You are responsible for the adequacy of all information provided in such documents. You represent that you have such documentation and can produce it, if necessary, to respond to any audit or inquiry by tax authorities. You agree to hold our firm harmless with respect to any additional tax, penalties, interest and professional fees resulting from the disallowance of tax deductions due to inadequate documentation.

I will use my judgment to resolve questions in your favor where the tax law is unclear or where there are conflicts between the taxing authorities' interpretation of the law and what seem to be other supportable positions. There may be situations where I am required by law to disclose a position on a tax return. I am not an attorney; therefore, I cannot provide you with a legal opinion on various tax positions. I can, however, advise you of the consequences of different positions. I will adopt whatever position you request on your returns so long as it is consistent with my professional standards and ethics. In the event, however, that you ask us to take an unsupported tax position or refuse to make any required disclosures, I reserve the right to withdraw from the engagement without completing or delivering the tax returns. Such withdrawal would complete my engagement and you agree to pay my fee based on time expended (at my standard rates) plus all out-of-pocket expenses through the date of withdrawal.

Your returns may be selected for examination or audit by tax authorities. In the event of such governmental tax examination, I would be pleased to represent you under the terms of a separate engagement.

The engagement does not include any services not specifically identified above. I may need to perform additional accounting or research services incidental to the preparation of your tax returns. These incidental services will be billed with your tax return, at my standard rates.

Your returns will be required to be filed electronically with the IRS. I will provide you with a copy of your final returns for review prior to electronic transmission. The IRS requires that you sign an e-file authorization form indicating that you have reviewed the return, it is correct to the best of your knowledge, and you authorize us to submit it electronically. I cannot transmit any return until I have the appropriate signed authorizations. E-filing of state returns varies by tax authority. If e-file is not available, paper copies will be provided for you to sign and mail.

If an extension of the time is required, any tax due with these returns must be paid with that extension. Any amounts not paid by the filing deadline may be subject to interest and late payment penalties.

My fee for these services will be based upon the amount of time required at my standard billing rates. I estimate my fee to be between \$375 for an individual tax return with single filing status to \$575 for a tax return with married filing jointly status. Tax returns that include business, rental or other complex schedules and forms are subject to additional fees. Please contact me for an estimated fee for your particular situation. You may terminate this engagement at any time. Should you do so, however, you remain liable for all unpaid fees as discussed above. I reserve the right to withdraw from this engagement at any time because of unpaid fees, the guidance of my professional standards, or for any other reason. I will notify you in advance of any decision by me to withdraw, and will take all reasonable steps to assist in the orderly transfer of your tax services. Otherwise, this engagement will be considered complete upon acceptance of your e-filed returns by the tax authorities. In the event that your returns are not e-filed, you will have final responsibility for mailing your returns to the applicable taxing authorities.

If the foregoing is in accordance with your understanding, please sign the enclosed copy of this letter in the space indicated and return it to me along with your tax information.

If you have any questions, please do not hesitate to contact me. I appreciate the opportunity to work with you.

Sincerely,



Perry Paletta CPA

Please circle your answers for the following questions.

Yes No Did everyone to be listed on the tax return have health insurance coverage for the entire year? (if no or partial year coverage please contact me with details)

Yes No Did you make any out of state purchases on which you did not pay sales tax?

Yes No Were adjustments made by the IRS or any state to any prior 3 years' income tax returns?

Yes No Are you claimed as a dependent by your parents or anyone else?

Yes No Did you have any new dependents in during the previous year?

- Yes No Are any of the dependents listed on last year's return no longer your dependents?
- Yes No Did you pay more than half the cost of supporting a parent?
- Yes No Did you give / receive any gifts of over \$14,000 to any one individual?
- Yes No Did you transfer or receive any Real Estate during the previous year?
- Yes No Did you have any income from foreign sources, not reported on 1099s? Were any foreign taxes withheld?
- Yes No Did you have a foreign bank account or security acct? If yes, which country:
- Yes No Did you have foreign bank or security accounts with over \$10,000 in total at any time during the year?
- Yes No Did you receive a distribution from, or were you the grantor of, or transferor to a foreign trust?
- Yes No Circle yes to allow Perry Paletta CPA to set your e-filing pin to your five digit zip code.
- Yes No Circle yes to allow Perry Paletta CPA to discuss this return with the IRS / state if necessary?
- Yes No Is your bank account and routing information the same as last year? If no please provide
- Yes No At anytime during the tax year, did you receive, sell, send, exchange, or otherwise acquire any financial interest in any virtual currency?

Note: This list is not inclusive. Please contact us if you would like a detailed tax organizer.

Recordkeeping: According to the IRS, you are required to keep records that will enable you to prepare a complete and accurate tax return. Although the law does not require any special form of records, you must retain all receipts, cancelled checks, bank statements and other evidence to support amounts claimed as deductions. You must keep your records for as long as their contents may be material in administering any Internal Revenue Law.

Comments or additional requests: \_\_\_\_\_

\_\_\_\_\_ Please provide checking routing and a/c number only if different then previous year \_\_\_\_\_

\_\_\_\_\_

routing #:

\_\_\_\_\_

account #:

\_\_\_\_\_

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Tax authorities now require additional information to protect against identity theft.  
Please provide the following driver's license information for both taxpayer and spouse if applicable:

***TAXPAYER***

Issuing State \_\_\_\_\_  
License number \_\_\_\_\_  
Issue date \_\_\_\_\_  
Expiration date \_\_\_\_\_  
NY document number \_\_\_\_\_ 1st 3 digits only

***SPOUSE***

Issuing State \_\_\_\_\_  
License number \_\_\_\_\_  
Issue date \_\_\_\_\_  
Expiration date \_\_\_\_\_  
NY document number \_\_\_\_\_ 1st 3 digits only

please provide a current e-mail address: \_\_\_\_\_

Accepted by:

\_\_\_\_\_  
Taxpayer

\_\_\_\_\_  
Spouse (**required** for joint returns)

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date