

# SADOVNICK MORGAN LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

**IMPORTANT: THIS MUST BE SIGNED BY THE TAXPAYER BEFORE WE PREPARE THE RETURN**

DATE: \_\_\_\_\_

NAME: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

## **SUBJECT: 2018 US TAX RETURN LETTER OF ENGAGEMENT**

We appreciate the opportunity to work with you (and your family) with the preparation of your income tax return(s) and advise you on income tax matters. The Internal Revenue (IRS) imposes penalties upon taxpayers, and upon us as tax return preparers, for failure to observe due care in reporting on your income tax returns. In order to ensure an understanding of our mutual responsibilities, we ask all clients for whom we prepare tax returns to confirm the following arrangements.

We will prepare your 2018 federal individual income tax returns and requested State Income Tax Returns from information that you will furnish us. In preparing your tax returns, we will rely on the information you provide to us. We will not investigate or verify any facts you give us to report on your tax return. If the actual facts are different from the facts represented to or understood by us, or if there are other facts of which we are not aware, the reporting could be different than that reported on the tax returns prepared by us. We will not audit or otherwise verify the data you submit, although it may be necessary to ask you for clarification of some of the information.

It is your responsibility to provide all the information required for the preparation of complete and accurate tax and information returns. It is your responsibility to maintain, in your records, the documentation necessary to support the data used in preparing your tax returns, including but not limited to the auto, travel, entertainment, and related expenses and the required documents to support charitable contributions. If you have any questions as to the type of records required, please ask us for advice in that regard. **It is also your responsibility to carefully examine and approve your completed tax returns before signing and mailing them to the tax authorities. We are not responsible for the disallowance of doubtful deductions or inadequately supported documentation, nor for resulting taxes, penalties and interest. You have the final responsibility for the Income Tax Returns and, therefore, you should review them carefully before you sign them.**

You may have a requirement to file the FinCEN Report 114, *Report of Foreign Bank and Financial Accounts (FBAR)*. This form is required to be filed through the BSA E-Filing system website. Unless we have been directed to file the form on your behalf, the responsibility for filing and completing this form will be yours. Failure to file could result in significant penalties. If you have requested that we complete the form we will be relying on any representations you provide to us related to the accuracy and completeness of the filing. Any errors or omissions as a result of your representations to us are your responsibility, along with any accompanying penalties and interest.

Our work in connection with the preparation of your Income Tax Returns does not include any procedures designed to discover defalcations or other irregularities, should any exist. We will render such accounting and bookkeeping assistance as determined to be necessary for preparation of the Income Tax Return.

We will use our 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 possibly applicable 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. In accordance with our professional standards, we will follow whatever position you request, as long as it is consistent with the codes, regulations, and interpretations that have been promulgated. If the IRS should later contest the position taken, there may be an assessment of additional tax plus interest and penalties. Currently, the IRS and state taxing agencies are aggressive in assessing penalties. We assume no liability for any such additional penalties or assessments. In the event, however, 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 and shall not be liable to you for any damages that occur as a result of ceasing to render services.

**Tax payments are due by April 15, 2019. An automatic extension for non-US resident filers extends the filing deadline to June 15, 2019. In order to meet the filing deadlines, the information needed to complete the Return should be received in this office at your earliest convenience. A further extension of time may be available, any tax due with this Return must be paid with that extension. Any amounts not paid by the filing deadline may be subject to interest and late payment penalties. We will not be responsible for submitting an extension for you unless you have explicitly requested us to do so.**

It is your responsibility to retain and protect your records for possible future use, including potential examination by any government or regulatory agencies.

If you are married and filing jointly, both spouses are required to sign the completed tax return prior to filing. In such cases, each individual is a separate client but nevertheless agrees that there is no expectation of privacy from the other. Both spouses provide Sadovnick Morgan LLP express consent to disclose to either individual, without prior consent from the other, any and all documents or other information provided to us for the preparation of the tax returns. Each spouse also agrees that unless we have received written notification to the contrary, we may take an instruction from either individual to be an instruction for both spouses.

We may also disclose information to certain companies for which we have an outsourced relationship with or program IT support. At the extent possible, we ensure only minimal information is transferred and that they have confidentiality and internal control procedures in place to protect your information.

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 governmental tax examination, we will be available, upon request, to represent you and will render additional invoices for the time and expenses incurred.

Changes to applicable law or regulations or the issuance of new case or ruling authority after your tax return is prepared could adversely affect a position reported on a tax return. We have no obligation to advise you of any changes in law after we prepare your tax return.

Our fee for these services will be based upon a combination of prior year billings, the amount of time required at standard billing rates and value provided, plus out-of-pocket expenses. Our rates vary according to the degree of skill and responsibility involved in the preparation and completion of the various assignments given to us. All invoices are due and payable upon presentation. Interest will be

charged on accounts outstanding longer than thirty (30) days at the rate of 1.5% per month or 19.56% per annum.

The limitation of Sadovnick Morgan LLP to you (and your family) for any claim related to professional services provided pursuant to this engagement letter in either contract, negligent misrepresentation or tort, including the partners, officers or employees of the accounting firm shall be strictly limited to the amount of any professional liability insurance the firm may have available at the time such claims are made.

Sadovnick Morgan LLP will not be liable for late filing penalties resulting from delays by its clients in properly signing forms or not timely providing information to file returns. In addition, the liability of the firm for disallowed tax deductions/credits will be limited to the interest/penalty component of the amount owing, for which the firm made an error, but this will not include items discussed with filing positions discussed with you, nor due to adjustments related to your representations to the firm.

No claim shall be brought against the accounting firm in contract, negligent misrepresentation or tort more than two years (from date of Assessment) after the services were completed or terminated under this engagement.

In connection with this engagement, we may communicate with you or others via telephone, facsimile, post, courier and email transmission. As all communications can be intercepted or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that communications from us will be properly delivered only to the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of communications transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the communications, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

The terms of this engagement letter shall remain in effect unless superseded by another agreement. The agreement shall apply to tax filings for prior years and subsequent years, including, but not limited to, correspondences and advisory services related to your personal tax compliance requirements.

If the foregoing fairly sets forth your understanding, please sign the enclosed letter in the space indicated. However, if there are other Tax Returns you expect us to prepare, such as gift and/or property, please inform us by noting so just below your signature at the end of the returned copy of this letter. This engagement letter will include any other requested engagements in future, unless a superseding engagement letter is issued.

This engagement letter is effective as of February 1, 2019.

We want to express our appreciation for this opportunity to work with you.

Yours truly,

**SADOVNICK MORGAN LLP**  
**CHARTERED PROFESSIONAL ACCOUNTANTS**

I have read all pages of this entire agreement and the services and terms as set out above are as agreed. As well, I acknowledge and accept my responsibilities as the taxpayer as outlined above.

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

