Additional Information

Individuals

  Barkett v Commissioner, 143 TC No.6, 8/28/14

  DeBough v Commissioner, 142 TC No. 17, 5/19/14

  P.H. Shanker v Commissioner, 143 TC No. 5, 8/26/14

IRS Issues

    P.A. Moosally v Commissioner, 142 TC No. 10, 3/27/14

CORRECTION

Internal Revenue Code 3121 (d)(1): Employment Taxes – Definitions – Employee “(d) For purposes of this chapter, the term ‘employee’ means – (1) any officer of a corporation;…”

(I think I stated Internal Revenue Code 1312. Sorry, I got the numbers mixed-up.)
Dear ____________________,

Thank you for the opportunity to prepare your income tax returns for tax year 2014. This letter confirms our understanding of the terms of our engagement and to clarify the nature and limitations of the services we will provide in completing your 2014 income tax returns.

I. **Scope of Professional Services**

We will prepare your requested federal, state and local income tax returns for tax year 2014 based on information you provide. Although our work will not include procedures designed to discover defalcations, irregularities or inaccuracies in the tax data you provide, we may ask for clarification of certain information, or additional information, so that we can prepare accurate and complete returns for you. We have provided you an organizer to guide you in gathering necessary information needed to prepare your income tax returns. **The organizer will reduce overlooking pertinent information; it must be returned.**

We will use our 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.

The law provides various penalties that may be imposed when taxpayers understate their tax liability. If you would like information on the amount or circumstances of these penalties, please contact us.

II. **Client’s Responsibilities**

It is your responsibility to return the organizer and provide all necessary information required for the preparation of complete and accurate returns. You should retain all documents, cancelled checks and other data that form the basis of income and deductions. These may be necessary to substantiate the accuracy and completeness of your returns to a taxing authority. We will return original documents you send us. We only keep copies of selected information. In the case of a later audit or examination, your files may be critical. Your original documents and supporting information should be stored in a secure place for seven years.

You represent that the information you are providing us is accurate and complete to the best of your knowledge and that your expenses for meals, entertainment, travel, charitable giving, vehicle use, etc. are supported by records as required by law.

It is your responsibility to review your returns before they are filed to determine that all income has been correctly reported and that you have substantiation for your deductions. Filing your returns by the due dates is your responsibility.

III. **Character & Limitations of Tax Preparation Engagement**

We want to ensure that you receive all possible tax credits and special deductions for which you may be eligible. If you qualify for such credits and/or special deductions you will have to provide us with the information necessary to claim them on your return. If you have any questions about these, please contact us.

The law provides various penalties that may be imposed when taxpayers understate their tax liability. If you would like information on the amount or the circumstances of these penalties, please contact us.
Your returns may be selected for review by taxing authorities. Any items which may be resolved against you by the examining agent are subject to certain appeal rights. In the event of such examination, we can assist or represent you if you desire. Our fees for preparing your returns do not include time that might be necessary to assist you during a taxing authority review.

If there is any missing information or other circumstances beyond our control, extensions may be required. An extension is only for additional time to file. If you expect to owe taxes upon filing your final tax return, you must pay with the extension. Our estimate of taxes for purposes of an extension will normally differ from the income tax on your final return. Any difference between the amount of tax computed for the extension and the tax on your final tax return may result in penalties and interest if estimated payments were inadequate. Payment of any such penalties and interest is your responsibility.

In order to ensure accurate and timely filing by April 15, 2015, all information must be received in our office by March 10, 2015. **Information received after March 10, 2015 may cause the return to be extended.** Extensions and/or paper filing require an additional charge. As a reminder, an extension is only for additional time to file, never for additional time to pay. If you expect to owe taxes on the final return to be filed, they must be paid with the extension or be subject to tax penalties and interest.

**IV. Fee Arrangements**
The packet (XXXXXXXXXXXXXXXXXXXX) is billed at a XXXXXX (expires October 15th), XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX. Additional fees may be charged between April 1-15th ($XXXXXXXXXXXXXX) and for mailing preparation for federal and state returns (versus efile returns). After October 15th returns are billed XXXXXXXXX If you need a drop off meeting or planning/projection during the year XXXXXXXX Our invoices are due and payable upon presentation.

Our liability arising from this engagement shall be limited to no more than 100% of the fees which you pay for the performance of this engagement. If any dispute arises between us hereto, the parties agree first to try in good faith to settle the dispute through non-binding mediation. The costs of mediation shall be shared equally by the parties. The parties agree that, if any dispute cannot be settled through mediation, the dispute may then be brought before a court of competent jurisdiction, but the matter will ultimately be decided by the court, sitting without a jury. The parties agree to waive all rights to have any such dispute determined by a jury, but otherwise retain all rights afforded under the applicable civil justice system.

In rendering professional services, we may communicate by facsimile transmission or by transmitting data over the internet. By signing below, you consent to the use of this technology.

If the foregoing is in accordance with your understanding, please sign and date both the engagement letter and the organizer. **If you would like a copy of them please make prior to returning to our office. The engagement letter and organizer will not be returned to you when we return your original tax documents.**

We want to express to you our appreciation for this opportunity to work with you. Thank you again for choosing our firm to prepare your 2014 tax return.

Sincerely,

FIRM

Individual name

Accepted by:_________________________ Date:__________________

Accepted by:_________________________ Date:__________________
Thank you for choosing my firm to prepare your individual income tax returns for tax year 2014. This letter confirms the services I will provide you.

I will prepare your federal and state individual income tax returns for tax year 2014 based on information you provide. I will not audit or otherwise verify the data you provide, but I may ask for additional or clarification of information so that I can prepare accurate and complete returns and fulfill due diligence standards required by law. I provide a tax organizer to assist in collection of information needed and to reduce the risk of overlooking key information.

It is your responsibility to provide all necessary information related to income and deductions and to respond to inquiries in a timely manner in order to complete your returns by the due date. You represent that, to the best of your knowledge, the information you provide is true, accurate and complete and that your records support work, meals, entertainment and travel expenses; charitable giving; and work use of your personal vehicle. It is also your responsibility to review your returns before they are filed to assure that all income has been correctly reported and that you have substantiation for your deductions.

Filing your returns by the due date is your responsibility.

The IRS imposes penalties upon taxpayers and tax preparers who fail to observe due care and diligence in preparing income tax returns. Penalties may be imposed when taxpayers understate their income and tax liability.

In some cases, unclear or missing information and other circumstances may lead to an extension in time to file your return. An extension is only for additional time to file--never for additional time to pay taxes owed. If you expect to owe taxes upon filing your return, you must pay with the extension.

2014 returns must be filed by April 15, 2015. Information received in my office after April 8, 2015 may require an extension. Please contact me if you expect to miss the April 8, 2015 date. Normally, extensions require a nominal additional preparation charge and, as a reminder, they do not extend the time to pay any tax due.

Fees for preparing a basic return are published in the tax organizer and are normally paid when you submit your information. Occasionally, additional work may be required due to increased complexity, business or rental activities and multiple investment trading activity, to name a few. If your returns are selected for audit by taxing authorities, I can assist/represent you if desired. Fees for that work are normally additional to the original return preparation fee.

If this letter accurately summarizes your understanding of our agreement relating to preparation of your tax returns please complete the section below, keep a copy for your files and return a copy to me with your completed tax organizer and other information. In the case of joint returns, both spouses must sign.

In closing, I again want to thank you for choosing my firm to prepare your 2014 tax returns. I appreciate your trust in me and hope to see your tax packet early.

Sincerely,

_________________________________________

Accepted by: _____________________________________________     Date_______________

Print Name: __________________________

Accepted by: _____________________________________________     Date_______________

Print Name: ___________________________________________________________________

SIGN & DATE BOTH COPIES - IF MARRIED, BOTH SIGN - RETURN 1 COPY WITH ORGANIZER PACKAGE