

**Engagement Letter for the Preparation of
2023 Fiduciary Tax Returns**

Dear Client;

Thank you for selecting my firm to assist you in preparing your fiduciary tax returns. This letter confirms the terms of our engagement and the nature, timing, and limitations of the services I will provide. You received this letter because I understand you are the person in charge of tax matters.

I will prepare your 2023 Federal and State Fiduciary tax returns, including Schedules K-1 for any beneficiaries, from the information you furnished. I will perform limited analysis of your accounts, as I deem necessary in my professional judgment, solely for purposes of preparing your tax returns. I may propose adjusting journal entries to your accounts. My analysis cannot be relied upon to discover defalcations or irregularities; however, I will inform you if I do discover such defalcations or irregularities.

Management is responsible for proper recording of transactions in the accounts, safeguarding assets, and for the accuracy of the financial records. **Because you have final responsibility for the returns, you should review them carefully before you sign them.**

I will use professional judgment in resolving issues when the tax law is unclear or when there is conflict among the authorities.

The filing deadline for the tax returns is the 15th day of the fourth month following your year end. In order to meet this filing deadline, **I must receive your information in substantially complete form at least 45 days prior to this date.**

If an extension of time to file is required, I will use the information available to me to prepare the extension. **An extension provides a five (5) and a half month period of time to file the forms; it does not extend the time to pay any taxes due. Taxes paid after your original due date will result in penalties and interest (the IRS assesses a K-1 late filing penalty of \$260.00 or more per beneficiary per month or fraction thereof).**

You are responsible for reporting foreign activities. By signing, you acknowledge that you will inform me of any income from foreign sources, signatory authority over any foreign accounts, or of any foreign transactions with a related entity. If you are unsure whether income or an account is foreign, please call me. **Note, penalties for failure to report foreign activities are severe.**

Note, California's passage of Senate Bill AB 5 (effective 1/1/2020) makes the presumption most workers are employees, not independent contractors. Misclassifying workers can result in substantial payroll tax, worker's compensation insurance, and general business liability insurance costs; pension liability issues; and **SEVERE** penalties. If you have independent contractors, make sure you are classifying them properly under the new law. Seek advice from legal counsel, preferably a labor law attorney. **We accept no responsibility for misclassified workers.**

► SIGNATURE REQUIRED ON PAGE 2 (OVER)

The IRS is increasing its efforts to make sure taxpayers are properly reporting **virtual currency** transactions. If you own, accept, or use virtual currencies please let us know so we can properly report them.

Your returns may be selected for review by the taxing authorities. If the government selects your return for examination, I will be available to assist you. There will be additional fees for this service.

I generally retain, for seven years, the final work product generated for my clients. After the retention period, the documents are destroyed. I do not keep original documents — they are returned to you after completion of the returns. **It is your responsibility to retain your records for possible future use**, including possible examination by the taxing authorities.

My fees for tax preparation services are based on the amount of time required at my standard billing rates plus out-of-pocket expenses. All invoices are due and payable upon presentation. **Tax returns will not be filed electronically nor released to you until fees are paid.**

If this engagement letter correctly expresses your understanding of the nature, scope, and terms of services that I will provide, please sign the enclosed copy of this letter and return it to my office (drop off, email, snail mail, or fax).



IMPORTANT: WE CANNOT PROCESS OR PREPARE YOUR 2023 TAX RETURN UNTIL WE ARE IN RECEIPT OF THIS SIGNED ENGAGEMENT LETTER.



Sincerely,

Robert L. Borelli

Robert L. Borelli, Certified Public Accountant

► Acknowledged:

► **SIGNATURE REQUIRED**

Signature: _____

Print Name/Title: _____

Name of Entity: _____

Date: _____

Best Contact Phone #: _____

Cell / home / work
(CIRCLE ONE)

Email Address (Current): _____

PLEASE RETURN YOUR SIGNED ENGAGEMENT LETTER AS SOON AS POSSIBLE.

Send to: info@borelllicpa.com or fax to (888)455-2193 or via mail