

1040 - INDIVIDUAL TAX RETURN ENGAGEMENT LETTER

Thank you for selecting Number Crunchers, Inc to assist you with your tax affairs. This letter confirms the terms of our engagement with you and the nature and extent of services we will provide.

We will prepare your 2023 federal and all state income tax returns you request using information you provide to us. We may ask for clarification or verification of some items, but we will not audit or otherwise verify all the data you submit. This engagement is for tax preparation services only and any other services agreed upon will have a separate engagement letter.

EXTENSIONS

It is your responsibility to provide any/all documentation and information required for preparation of complete and accurate returns. We must receive all information within a reasonable period of time prior to the filing deadline. Any failures to provide such cooperation may require us to pursue an extension of filing due date on your returns, suspend our services, or withdraw from the engagement. **If an extension is filed on your behalf, please note that it is an extension of time to file, not an extension of time to pay if you owe a taxing authority.**

Extensions are an additional fee of \$25 _____ (Initials) *We will not file an extension for you unless initialed.*

YOUR RESPONSIBILITY

You should keep all documents, canceled checks, and other data that support your reported income and deductions. They may be necessary to prove accuracy and completeness of the returns to a taxing authority. You are responsible for the returns, so you should review them carefully before you sign them. Although we may notify you of other reporting items that may be needed outside of the tax return, we will not automatically prepare them for you. It is your responsibility to follow through to ensure any other required items are filed (ex. W2/1099 preparation, FBAR reporting, etc.). If you choose to use our firm for the other reporting items, a separate engagement letter will be needed.

We will retain an electronic copy of your return and one physical copy of each W-2, for a period of three years. After three years, our work papers and engagement files may be destroyed. All of your other original records will be returned to you at the end of this engagement. You should keep the original records in secure storage.

We reserve the right to require a non-refundable retainer prior to onset of tax preparation.

We will provide one copy of each tax return free of charge. Any additional copies will be at a rate of **\$25 each**.

Please mark the box below indicating how you would like to receive your **(1) free** copy of the tax return:

Bound paper copy

Electronic copy via encrypted email: _____

TAX PLANNING

We do not automatically provide information for tax planning. Although we may provide you with information on tax planning, what we provide is for informational purposes only and we are not liable for what you do or do not do with the information we provide.

FRAUD DISCLOSURE

We must 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. In order to avoid penalties, we will apply the "more likely than not" reliance standard to resolve such issues. You agree to honor our decisions regarding the need to make protective disclosures in your returns.

Penalties of as much as \$100,000 can be imposed on you for failing to disclose participation in "reportable transactions," that is, certain arrangement the IRS has identified as potentially abusive. We will insist that all such transactions be properly disclosed. The law also imposes penalties when taxpayers understate their tax liability.

AUDITS

Your returns may be selected for audit by a taxing authority. Any proposed adjustments are subject to appeal. In the event of a tax examination, we can arrange to be available to represent and/or assist you. Such representation will be a separate engagement. Fees and expenses for defending the returns will be invoiced in accordance with our rates of **\$190.00 per hour plus travel expenses**.

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BEFORE WE CAN FILE

Our fee for preparation of your tax returns will be based on the amount of time required at standard billing rates. All invoices are due and payable upon completion. To the extent permitted by state law, an interest charge may be added to all accounts not paid within thirty (30) days. **WE DO NOT FILE WITHOUT PAYMENT IN FULL.** Prior to e-filing your return, it is required, per the IRS, that Form 8879 is signed by the taxpayer (and spouse if filing jointly). We also require that this engagement letter is signed by the taxpayer (and spouse if filing jointly).

REPORTING CHANGES

After reading the list below, please **initial** the box that is applicable to you for the current tax year.

YES **NO** Has there been a change in the filers and/or dependents included on the return since the last tax year?

YES **NO** Has there been a change of address since the last tax year?

YES **NO** Has there been a change in filing status since the last tax year?

YES **NO** Has there been a change in occupation since the last tax year?

YES **NO** Did anyone on the return have any digital asset (ex. Bitcoin cryptocurrency) transactions in 2023?

YES **NO** Did anyone on the return have any online purchases in which sales tax was not paid?

YES **NO** Did anyone on the return have any financial interest or signature authority over a financial account located in a foreign country?

YES **NO** Did anyone on your return gift more than \$17,000 of property (including cash) to another in 2023?

YES **NO** Were you legally married on December 31, 2023?

ONLY for born 12/31/1950 or before OR individuals with inherited retirement accounts:

YES **NO** Were all Required Minimum Distributions (RMD) taken in 2023?

If there are notable changes, please list them here:

To affirm that this letter correctly summarizes your understanding of the arrangements for this work, please sign the enclosed copy of this letter in the space indicated.

Taxpayer _____ Date: _____

Taxpayer's Signature Number (Pick any five numbers, just not all zeros. You do not need to memorize this number.)

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Spouse (if applicable) _____ Date: _____

Spouse's Signature Number (Pick any five numbers, just not all zeros. You do not need to memorize this number.)

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We appreciate your patronage.

Sincerely,

Number Crunchers, Inc.

Angela Becker, BSA, EA

Brandon Becker, EA

Melody Phelps, MSA, EA