



Dear Client:

We appreciate the opportunity to work with you and advise you regarding your income taxes. To ensure a complete and clearly defined relationship between us, we below set forth the pertinent information about the services that we will perform on your behalf.

Tax return preparation/Tax information required

We will prepare your federal and state(s) income tax returns with information which you will provide to us. We will make no audit or other verification of the data you have submitted and we perform our consulting and tax services under the assumption that all of the information you submit to us is true, timely, complete and accurate according to documents and other information retained in your files (particularly auto, travel, hours in specific industries [typically real estate] and meals & entertainment expenses). While it is not necessary that you provide us with supporting documents at the time we prepare your returns and review, you should retain all necessary written support and documentation that may be required by an IRS, AZDOR, or other state authority examination at a later date. We will prepare the tax returns solely for filing with the Internal Revenue Service (“IRS”) and state and local tax authorities. They are not intended to benefit or influence any third party, either to obtain debt or equity financing or for any other purpose. We reserve the right to withdraw from this engagement if requested information is not received in a reasonable period of time. We will furnish you with questionnaires and/or worksheets to guide you in gathering the necessary information if you desire. If you prefer to assemble data in your own organized manner, please do so. In some cases we may request that you use our forms so that the most accurate data can be gathered. Complete and organized data will assist us in keeping our fee to a minimum. As a result, you agree to indemnify and hold our firm and any of its partners, principals, shareholders, officers, directors, members, employees, agents or assigns harmless with respect to any and all claims arising from the use of the tax returns for any purpose other than filing with the IRS and state and local tax authorities regardless of the nature of the claim, including the negligence of any party.

Client Responsibilities

We will provide you with an income tax organizer to help you collect and document the information we will need to prepare your income tax returns. It is your obligation to complete the tax organizer with accurate and complete information, including all worldwide income. You are responsible for turning in all of the information needed to prepare your return. Not turning in all of your data at the time of your submission to us may cause delays in the preparation of your return and any return estimates / extensions that may need to be filed. If you have not submitted all the necessary data you agree to indemnify and hold our firm and any of its partners, principals, shareholders, officers, directors, members, employees, agents or assigns harmless with respect to any and all claims arising from the late filing of the tax returns or related extensions or estimates.

You are responsible for determining your state or local tax filing obligations with any state or local tax authorities, including, but not limited to, income, franchise, sales, use, and property taxes. You agree that we have no responsibility to research these obligations or to inform you of them. If upon

reading the completed tax organizer, it comes to our attention that you may have an obligation to file additional income tax returns, we will notify you of this in writing and ask you to contact us. If you ask us to prepare these returns, we will confirm this in a letter and detail the additional charges for this service.

The Bank Secrecy Act requires the annual reporting of financial interests in/or signature authority over foreign bank accounts (including authority comparable to signature authority). Failure to file the Report of Foreign Bank and Financial Accounts (FBAR) can result in the imposition of both civil and criminal penalties, which can be significant. The FBAR is not a tax return, and preparation of same is not within the scope of this engagement. If you have questions regarding this filing obligation or wish to engage us to prepare such reports, please contact us to discuss these matters.

You acknowledge your responsibility to inform us of any bartering transactions, listed transactions or transactions of interest as designated by the IRS. You agree to hold us harmless with respect to any additional taxes, penalties, or interest imposed on you by taxing authorities resulting from your failure to timely notify us, in writing, of all such transactions in order to facilitate the timely preparation and filing of your tax returns.

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 tax law. You are responsible for the adequacy of all such documents. You represent that you have such documentation and can produce it if needed to respond to any audit or inquiry by taxing authorities. You agree to hold us harmless with respect to any additional taxes, penalties, or interest imposed on you by taxing authorities resulting from the disallowance of tax deductions due to inadequate documentation.

The original filing due dates for your income tax returns are 2 months and 15 days (S-Corps, C-Corps, Partnerships) &/or 3 months and 15 days (Individuals) of the year following the calendar or fiscal year end for federal and state returns. It may become necessary to apply for an extension of the filing deadline if there are unresolved tax issues or delays in processing, or if we do not receive all of the necessary information from you on a timely basis. If you are unable to complete and return the tax organizer with other required documentation by one month prior to the above mentioned deadline to allow for the timely preparation of your tax returns, you must contact us and request that we apply for an extension of the filing deadline on your behalf. Applying for an extension of time to file may extend the time available for a government agency to undertake an audit of your return or may extend the statute of limitations. **All taxes owed are due by the original filing due date.** Additionally, extensions may affect your liability for penalties and interest or compliance with government or other deadlines. We are available to discuss this matter with you at your request at our regular hourly fee should the need arise.

Unless we are otherwise advised, you confirm that your personal expenses are segregated from business expenses and expenses such as meals, travel, entertainment, vehicles use, gifts, and related expenses are supported by necessary records required by the IRS. At your request, we are available

to answer your questions and advise you on the types of records required. You agree that you will not and are not entitled to rely on any advice provided.

If you provide our firm with copies of brokerage (or investment advisory) statements, we will use the information from these statements solely in connection with the preparation of your income tax returns. We will rely on the accuracy of the information provided in the statements and will not undertake any action to verify this information. We will not monitor investment activity, provide investment advice, or supervise the actions of the entity or individuals performing investment activities on your behalf. We recommend that you review all brokerage (or investment advisory) statements promptly and carefully, and direct any questions regarding activities on your account to your broker (or investment advisor)

You have final responsibility for your income tax returns. Check them carefully for accuracy and completeness before you sign them.

1099 filing requirements question:

There is a new question on business tax returns beginning with the 2011 tax return (year ending 12/31/11). These questions state:

- Did the corporation make any payments in 2011 that would require it to issue Form(s) 1099?
- If ‘Yes,’ did (or will it) the corporation issue & file all required Forms 1099?

WHAT THIS MEANS TO YOU:

We will now need your signature attesting to the fact that the answer to both of these questions is yes. We will need to have this form on file for us to prepare your business tax return. You will be asked to sign confirming your understanding and submission of these forms on the final signatures page of this engagement letter. PLEASE NOTE – by not preparing and filing the appropriate 1099 forms you have a highly increased chance of being audited by the IRS.

INFORMATION YOU NEED TO KNOW:

- 1099’s are due to the payee’s by Jan 31st
- Copies of the 1099’s (along with the 1096 master form) are due to the IRS:
 - If filing via paper - on February 28th, 20XX (following year)
 - If filing electronically – on April 1st, 20XX (following year)

IF YOU NEED HELP PREPARING YOUR 1099’S:

Please CALL or EMAIL Jason Rush at our offices right away. His contact information is as follows:

Jason Rush; 602-357-3275 x 18; Jason@taxgoddess.com

We need your information no later than Feb 21st, of this current year to make sure that we can timely file you with the IRS.

WHAT WILL HAPPEN IF I HAVE NOT PREPARED THE REQUIRED 1099’S?

The penalty for not filing your 1099’s with the IRS is as follows: (NOTE: ‘per return’ means per 1099 Form)

- \$30.00 per return if corrected within 30 days after the due date.
- \$60.00 per return if corrected more than 30 days after due date and by August 1.
- \$100 per return if corrected after August 1.
- \$250.00 per return on intentional disregard.

We will advocate positions in your favor

We will use our professional judgment to resolve any questions involving application or interpretation of tax laws. We will resolve such questions in your favor if there is reasonable justification for it. You have the final responsibility for the income tax and sales tax returns and, therefore, you should review them carefully before you sign them and or agree to any changes made.

Whenever we are aware that a possibly applicable tax law is unclear or there are conflicting interpretations of the law by authorities (e.g., IRS and courts), we will explain the possible positions that may be taken on your return. We will follow the position you request, provided it is consistent with our understanding of the current codes, regulations and their interpretations. If the IRS or state tax authorities later contest the position taken, there may be an assessment of additional tax, interest, and penalties. We assume no liability for and you hereby release us from any such additional tax, interest, and penalties or other fees and assessments.

Additional Professional Services Available if Requested

We may deem it necessary to provide you with accounting and bookkeeping assistance solely for the purpose of preparing the income tax returns. We will request your approval before rendering these services. Our engagement does not include any procedures designed to discover fraud, theft, or other irregularities, should any exist. You agree that you will not and are not entitled to rely on any advice unless it is provided in writing. Our engagement does not include tax-planning services, which are available as a separate engagement. During the course of preparing the tax returns identified above, we may bring to your attention certain available tax saving strategies for you to consider as possible means of reducing your income taxes in subsequent tax years. However, we have no responsibility to do so, and will take no action with respect to any such recommendations, as the responsibility for implementation remains with you, the taxpayer.

Penalties

Federal, state and local taxing authorities impose various penalties and interest charges for non-compliance with tax law, including for example, failure to file or late filing of tax returns and underpayment of taxes. You, as the taxpayer, remain responsible for the payment of all taxes, penalties, and interest charges imposed by taxing authorities.

We rely on the accuracy and completeness of the information you provide to us in connection with the preparation of your tax returns. Failure to disclose or inadequate disclosure of income or tax positions can result in the imposition of penalties and interest charges.

For Corporations, the IRS imposes a 20% penalty for substantial understatement of tax. The understatement is considered substantial if it exceeds the lesser of 10 percent (or if greater, \$10,000) or \$10,000,000 for corporations. For Individuals the IRS imposes a 20% penalty for substantial understatement of tax. The understatement is considered substantial if it exceeds the larger of 10 percent of the correct tax liability or \$5,000 for individuals.

To avoid the substantial understatement penalty, you must have substantial authority to support the tax treatment of the item challenged by the IRS or adequate disclosure of the item. Adequate disclosure requires proper disclosure of the position on the tax return and there must at least be a reasonable basis for the position. A completed IRS Form 8275 or 8275R, which discloses all relevant facts, must be attached to your tax return to meet the adequate disclosure requirement. A disclosed tax position that meets the reasonable basis standard will have approximately 10 percent or greater chance of success if challenged.

This means that there must be some authority supporting the position and more than just arguable. You agree to advise us if you wish to disclose a tax treatment(s) on your return. You may request our assistance to identify or perform further research to ascertain if there is "substantial authority" for the proposed position to be taken on the tax items in your returns. If you so request, we would be pleased to discuss providing this additional service to you under the terms of a separate engagement letter.

Unless an undisclosed tax position meets the substantial authority or "more likely than not" standards, as applicable, we will be unable to prepare the return and will withdraw from the engagement.

If we conclude as a result of our research that you are required to disclose a transaction on your tax return, you consent to attach a completed Form 8275 or 8275R to your tax return for filing after we discuss the situation with you. You also agree to hold our firm and any of its partners, principals, shareholders, officers, directors, members, employees, agents or assigns harmless for any and all actual and consequential damages (including but not limited to taxes, penalties, interest, and attorney's fees and costs) that you incur as a result of including such disclosures with your filed tax returns regardless of the nature of the claim, including the negligence of any party.

If a tax position to be taken on your tax return is based on the advice of another tax advisor, you agree to obtain a written statement from the advisor confirming that the position should meet the substantial authority or more likely than not standards, as applicable.

We may choose, at our will, to pay for penalties related to an error on our part only. Once your information has been submitted to us, and we prepare a tax return and provide it to you to be filed, any changes you make thereafter are not mistakes and you are subject to any penalties and interest imputed. Due to this policy, we require all tax information to be submitted to Tax Goddess Business Services, PC in writing (Email, Fax, or via Physical Documents)

Tax planning and tax notices

Remember that the most important part of the tax return can be done when you can plan and have control over the return's ultimate results. We urge you to call us during the year if you are about to enter into important transactions or make important business decisions. The questions you ask us before you make these decisions and the pre-planning could save you up to thousands in final tax bills. Please note, we do charge for our time to handle these sessions and our time will be billed at our standard rates for tax matters.

If you receive any notices from any state or federal government agencies, please fax/email those to our offices as soon as possible so that we can review any happenings on your accounts.

Our Fees

Our fees are based upon the complexity of the work to be performed and our professional time to complete the work. Additionally, this fee is dependent on the availability, quality, and completeness of your records. You agree that you will deliver all records requested by our staff to complete this engagement on a timely basis. Please note that if your tax return information is not submitted in a full and complete package or if information is missing our staff has to review your documentation and potentially correspond with you for additional information. This will add additional time and cost to the preparation of your return.

Our fees are \$200 per hour for tax related work and \$75 per hour for bookkeeping

A retainer is required at the time of drop off. The remainder will be billed and due upon pickup of your return. See schedule below for the retainer that relates to your specific tax return:

Individual Returns (Form 1040):	\$200
Business Returns (Forms 1065, 1120S, 1120, 990):	\$350

Your fees may be paid by check, cash, Visa, Mastercard, or debit/check card, ACH. **NOTE: We do NOT accept American Express or Discover.**

We will bill you after we complete the returns, for time spent plus out-of-pocket expenses and costs of collection incurred (if applicable) on your behalf. We reserve the right, at any time, to progress bill based on what work has already been completed. These progress bills are due and payable upon presentation and follow all other payment terms and conditions as laid out in this engagement letter.

In the event your records are not submitted in a timely manner, or are incomplete or unusable, we reserve the right to charge additional fees and expenses for services required to correct the problem. If this occurs, we will contact you to discuss the matter and the anticipated delay in completing our engagement prior to rendering further services.

Our invoices are due and payable on presentation. In fairness to our clients who pay promptly we charge a late payment service charge on all accounts unpaid after 15 days from billing at the rate of two (2%) per month of all such delinquent balances. It is agreed that any dispute over fees may be submitted for resolution by arbitration in our sole discretion. Any fees that are not paid by the due

date of your invoice plus 30 days will be automatically sent to our collections agency. Any additional fees or costs related to collection will be any additional amount owed by you, the client, in order to consider your account paid in full.

You agree that in the event your payment is not received by the due date, we will not be responsible for your failure to meet government and other filing deadlines, for any penalties or interest that may be assessed against you resulting from your failure to meet the deadlines, and for any other damages (including, but not limited to consequential, indirect, lost profits, or punitive damages) incurred by you as a result of the late filing or non-filing of the tax returns.

NOTE FOR LATE FEES / RUSH FEES: If your returns are submitted to Tax Goddess Business Services, PC **within 4 weeks** of a deadline (30 days including weekends) and you wish to have your return completed before that deadline [extension of a return, if possible, does NOT incur the rush fee] **then there will be a \$100 rush fee assessed.** If your returns are **submitted 3 weeks** (21 days including weekends) before a deadline, same information as above applies (extension, and completed before the deadline), then there **will be a \$200 rush fee assessed**

YOUR TAX PREPARATION FEES (INCLUDING ANY RUSH / LATE FEES) MUST BE PAID IN FULL BEFORE THE TAX RETURN WILL BE RELEASED TO YOU OR FILED WITH THE IRS / STATE GOVERNMENTS.

Peace of Mind Guarantee (READ CAREFULLY)

Tax Goddess Business Services assumes that you do not, ever, want to deal with the IRS or other government agencies. We handle all returns in such a manner that it is highly unlikely that you will ever receive such correspondence. However, the IRS and other state agencies do randomly select tax returns for what they call “random audits.” In the rare instance that you are contacted by the IRS, or any state agency, we offer our Peace of Mind Guarantee so that you will never need to worry, stress, or deal with the hassles. For \$159 per return you get 4 hours of hassle free communication on your behalf with whom ever has contacted you. These 4 hours can be used in the situation of an audit, a simple IRS notice, or even questions/other communications you may have received from these agencies.

If you choose not to purchase this coverage, 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 that we assist you in responding to such inquiry. In that event, we would be pleased to discuss providing assistance to you under the terms of a separate engagement letter for that specific purpose.

Privacy

As your CPA, we collect information provided by you from your tax organizer, worksheets, documents and discussions and information that we develop as part of the engagement. We are required to keep all information about our engagement confidential so we will not make any disclosure about you unless we have your approval or are required / permitted by law. This applies even if you are no longer a client. We are committed to safekeeping of your confidential information and we maintain physical, electronic, and procedural safeguards to protect it.

In the interest of facilitating our services to your company, we may communicate by facsimile transmission or send electronic mail over the Internet. Such communications may include information that is confidential to your company. Our firm employs measures in the use of facsimile machines and computer technology designed to maintain data security. While we will use our best efforts to keep such communications secure in accordance with our obligations under applicable laws and professional standards, you recognize and accept that we have no control over the unauthorized interception of these communications once they have been sent and consent to our use of these electronic devices during this engagement.

General

Your original records, which will be returned to you, comprise the backup and support for your income tax returns. Our records and files are our property and not a substitute for your own records. Our firm destroys client files after a retention period of seven (7) years, after which time these items will no longer be available. Also, catastrophic events or physical deterioration may result in our records being unavailable. We highly recommend that you provide us with copies of your original data. In the rare case that a catastrophic disaster happens to our firm (Fire, flood, theft, etc.) we are not responsible for any original documents that you leave at our facility.

If you are no longer a client of Tax Goddess Business Services, PC and you have lost originals or copies of the information you provided to us, or the tax returns as prepared, you may request a copy of this information for a \$25 per return administrative fee.

As always, we take positions on your return that attempt to prevent your return from being audited, however, please note that at any time your return may be chosen for an audit by either or both federal or state authorities. We are happy to represent your during an audit at our normal hourly rate if you have opted out of our Peace of Mind Guarantee or for any hours above and beyond those covered by the Peace of Mind Guarantee. Understand that we cannot insure that you tax return will not be audited.

Please note, that if we are preparing your bookkeeping or payroll, we are not independent as CPA's.

Mailing of your Tax Returns (If required)

Typically all returns are e-filed, however, in certain instances, the IRS or State departments cannot accept an electronic version of your return. In this case, you are required to mail your own returns. If you cannot mail your own returns and need us to mail them on your behalf, an administrative fee of \$25.00 per return applies (Federal / State(s)) to cover mailing/administrative costs.

Final Return Processes

When your return is complete the following actions will occur:

1. You will receive a phone call or email from your CPA or tax reviewer to let you know the final outcome / results of your return.
2. Your documents will go to the administrative team for assembly. They will call you for signatures. Normally we process your signatures in an electronic method. In some rare cases, there are paper forms that must be filed, in which case you will need to come to our offices to sign your documents.
3. You may request that your documents (hard copies of original documents – faxes and emails are not included in this section) be returned to you electronically (scanned, uploaded to your private SmartVault account, originals shredded)
 - a. **GO ELECTRONIC:** (NO ORIGINALS WILL BE RETURNED TO YOU): *sign here to be 100% electronic* _____
4. If you do not want the electronic option, your originals will be available for pickup any time before December 31st of the current year. After that date, our firm will scan and save copies of your documents in our records, your originals will be destroyed.
5. You will have your choice as to how you wish to receive your returns. You can choose to have your returns provided to you electronically or in paper format. If you wish a paper copy of your return, there is a \$25.00 fee to cover the administrative costs associated with this format.

Beginning the Work on Your Tax Return

Please understand that before preparation can begin on your returns you will be required to:

- 1)** sign a new engagement letter for that years return
- 2)** fill out the initial pages of the organizer (basic information & questions list)
- 3)** Fill in the recap section and check thru the common missing information section and QuickBooks login information section

Please note that the work on your tax return cannot begin until we have the above mentioned documents, signed and completed, back to our office. We will notify you if we do not have this letter of engagement or questionnaire on file for your current year's tax work as soon as this missing information is discovered.

We are pleased to have you as a client and look forward to a long and mutually satisfying relationship. If the above fairly sets forth your understanding, please sign on the line below and return it to us. This letter will be in effect regarding our engagement until superseded by a subsequent understanding.

Fill out all of the below information in order for us to begin your tax preparation:
You will need one (1) engagement letter for **each** tax return that needs to be prepared.

RETAINER PAYMENT (must be filled out to begin your work)

- If your card/ACH information is already on file with our billing department, would you like us to charge the retainer to that card? Circle one: YES / NO
- Would you like us to use the card below or your card on file to pay your final invoice once the return is complete? Circle one: YES / NO
- Credit Card Number: _____
- Expiration Date: _____ 3 Digit Sec. Code: _____
- Card Type: _____ Visa _____ Mastercard
 - (note we do not accept AMEX or Discover)
- Name On Card: _____
- Amount to be Charged: _____ \$200 (Individual) / \$350 (Business) _____
- Billing Address for Card: _____
- City, State, Zip Code: _____
- Date: _____

1099 FORMS SECTION (see page 4): Please choose & place your signature on one response:

- YES NO N/A
 I had 1099's and I did NOT prepare Not Applicable: I did not have
 any prepared/submitted them. the required 1099's. 1099's to prepare.

PEACE of MIND GUARANTEE (page 7) at an additional cost of \$159.00

- Please circle one and sign: YES / NO _____ Signature

ACCEPTANCE OF THE ENGAGEMENT LETTER AS A WHOLE:

Signature of Representative	Date
PRINT: Approved by (YOUR NAME)	Representing: (Business Name) or (Individual Last names)

Type of Return to be filed with this engagement letter
 (1040-Individual Joint or Separately Filing/
 1120-C-Corp/ 1120S-S-Corp/ 1065-Partnership/ 990-Non-Profit/709-Gift/Other)