

2023

1120-S-S - CORPORATE TAX RETURN ENGAGEMENT LETTER

Subject: Preparation of Your Corporate Tax Returns

Dear Valued Client

Thank you for selecting **FACTS-5** 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 2021 federal and all state income tax returns you request using information you provide to us. We may ask for clarification of some items, but we will not audit or otherwise verify the data you submit. Upon your request, we will provide an "Organizer" which may help you gather the information required for a complete return. If you use the Organizer, it will help you avoid overlooking important information and contribute to efficient preparation of your returns. This helps keep the cost of our services as low as possible.

It is your responsibility to provide information required for preparation of complete and accurate returns. You should keep all documents, canceled checks and other data that support your reported income and deductions for a period of 5 years. They may be necessary to prove accuracy and completeness of the returns to a taxing authority. You are responsible for the accuracy of your returns, so you should review them carefully before signing.

Our work will not audit or otherwise verify the data you submit, although we may ask you to clarify some of the information. We may furnish you with questionnaires to help you gather and organize the necessary information for us, in order to keep our fee to a minimum. This engagement letter may also apply to tax planning engagements if you choose to engage us for this service, which will be billed separately.

Our work in connection with the preparation of your income tax returns does not include any procedures designed to detect fraud, theft, or illegal acts and you agree that we have no responsibility to do so. If you suspect such acts have occurred, you agree to notify us promptly. We will render such accounting and bookkeeping assistance as determined to be necessary for preparation of the income tax returns. You have the final responsibility for the income tax returns and, therefore, you must review them carefully before you sign them. Your agreement to this engagement letter acknowledges that you fully approve of the tax return that we will file.

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 arrangements the IRS has identified as potentially abusive. We will insist that all such transactions be properly disclosed to us for further disclosure to the IRS.

The law also imposes penalties when taxpayers understate their tax liability. If you have concerns about such penalties, please call us.

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 you. Such representation will be a separate engagement for which an engagement letter will be provided to you. Fees and expenses for defending the returns will be invoiced in accordance with terms we agree on for that engagement.

Our fee for preparation of your tax returns will be based on the amount of time required at standard billing rates plus out-of-pocket expenses. All invoices are due and payable prior to electronic filing of your return or presentation to you for mailing. To the extent permitted by state law, a \$40.00 fee will be charged for any NSF check return to us by your bank.

We will retain electronic copies of records you supplied to us along with our work papers for your engagement for a period of five years. After five years our electronic records will be destroyed. All of your original records will be returned to you with your copy of your returns. You should keep the original records in secure storage.

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 and return it to us in the envelope provided.

We appreciate your confidence in us. Please call if you have questions.

Sincerely,

FACTS-5



PAMELA C. TRAHAN, PRESIDENT
AZCO, INC. (d/b/a **FACTS-5**)

Accepted By: (President) _____
(Taxpayer's Signature)
(President) _____
(Taxpayer's PRINTED name)

