

INDIVIDUAL TAX SERVICES ENGAGEMENT LETTER and AGREEMENT

2023 Tax Filing Season (January 2024)

Taxpayer: _____

Client Ref #: _____

Joint

Taxpayer: _____

Date: _____

Dear Taxpayer: The Internal Revenue Service recommends that as your tax professional, we provide clear terms of engagement with you, our valued client(s). This agreement describes the services we, *Beard & Associates, LLC*, a.k.a. *Your Tax Pro* (B&A), provide to help you, our valued client, meet your income tax filing obligations (tax returns), the scope of services and range of fees to be charged. If signed by a taxpayer and joint taxpayer, "you or your" refers to both and "client" means "clients." Tax refers to both tax and accounting services. The additional pages and any attachments to this Engagement letter contain important information which is incorporated into this agreement.

Overview: This agreement/engagement letter contains provisions which describe some of the services we will provide to you, conflict of interest, record retention, and our liability to you, notices, your responsibilities, and other administrative services. Please, take time to review this document in its entirety before signing it and let us know if you have any questions. This document contains six (6) additional pages. Each additional page needs to be initialed at the bottom for it to be complete.

Duration: This agreement/engagement letter is in effect for the income tax filing season beginning on January 1 and expires or ends on December 31 of the calendar year containing the filing season stated in this letter's heading and includes the four immediately previous tax years filing seasons or the date stated in any correspondence received stating otherwise.

At-Will Agreement: This is an at-will agreement, meaning that it may be terminated at any time by either party upon written notification, payment of outstanding balances, and the completion of appropriate forms.

Copy of Agreement: By signing this agreement, each of you acknowledge receipt of a copy of this agreement. This agreement is contained in the printed booklet or electronic copy (PDF) of your return.

Signing for:

Beard & Associates, LLC/Your Tax Pro



Donald I. Beard, EA - Managing Partner

Taxpayer

Joint Taxpayer

The following pages contain IMPORTANT TERMS AND CONDITIONS which are, also, part of this agreement.
Please, do not separate the following six pages from this signature page.

Our Privacy Commitment: Our complete Privacy, and Disclosure & Consent Policy is a separate agreement included with this Engagement Letter. We encourage you to read this policy and let us know if you have any questions.

Joint Returns/Conflict of Interest:

(A) Joint Responsibility: Each party to a joint return represents to us that they are lawfully married and if appropriate, a U S citizen or a lawful U.S. resident and if necessary, will substantiate such to us. **(1)** When a joint return is prepared, both taxpayer and joint taxpayer are responsible for the completeness and accuracy of all documents or other information supplied for use in the preparation of the return(s) (e.g., filing status, dependents, and payment of any tax due on the return, etc.). **(2)** Signature by both taxpayers is required on this document and/or on return(s) we prepare and is a waiver of any conflict of interest. If the Joint Taxpayer does not sign any tax return form in our presence, the form presented to us will be assumed as signed by the Joint Taxpayer and you agree to hold B&A present and future employees harmless in accepting the signed form. **(3)** Each taxpayer is advised that we cannot, for tax preparation purposes; prepare returns based on incomplete or information obtained by a “guess;” and cannot keep “secret” tax return information obtained from the other joint taxpayer. **(4)** Each is advised to consider this aspect and if necessary, obtain their own advice/counsel as to their individual tax situation.

(B) Adult Children/Other Dependents: **(1)** We may prepare returns for your “adult” (16 and over) child(ren), dependent children, or other dependents. The information obtained is for return preparation purposes only. **(2) Signed Release:** Returns we have prepared for your adult child(ren) or other adult dependents may not be released to you without a properly signed release or appropriate court document(s). Please have these documents present before, at the time of preparation, or at the time the return is to be picked up.

Scope or what we will do for you:

(A) We will prepare your individual federal, State of Michigan, Michigan City, other state or local returns, any previous year’s returns, and amended (1040X) returns using the information you provide. **(1)** We will file your return(s) electronically. **(2)** Generally, tax returns are prepared using the most advantageous (i.e., lowest federal tax) filing status and tax calculations. **(3)** This engagement letter includes all business activities normally reported with Form 1040; including Schedules C, E, F, and single member “disregarded” Limited Liability Companies.

(B) Financial Records: You recognize that The Internal Revenue Code (IRC) requires that business financial records be maintained in a ledger format which adequately discloses income, expenses, and credits comprising your financial activity. **(1)** If your records are not in this format, we will be required to complete the ledger format before making out your tax returns. **(2)** This task falls under our business services engagement and will be billed at our hourly rate at that time.

(C) We will provide you with a copy of your completed return(s), and support material either in printed or PDF format.

(D) Filing: We will electronically file your return(s). If you decline to electronically file the tax return(s), please see the “Electronic Filing” section.

(E) You agree to sign the necessary forms to complete the returns and cooperate with us in curing any electronic filing problem arising from incorrect information.

(F) We will also prepare estimated tax forms as needed. As these are an estimate, we are not responsible for the proper tax due or the filing of these forms, as each year the information to calculate the tax due changes.

(G) Timely payment of any tax due to any governmental authority is your, the taxpayer’s, responsibility. We will provide the necessary forms for those payments.

(H) Extension of Time to File: **(1)** Any return information received later than 15 days prior to the return(s) due date, any request for information we must make later than 25 days prior to the return(s) due date, or any return

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information which requires extensive research or additional documentation may require an “extension of time to file” (see the section on extensions). **(2)** Filing an extension is not an extension to pay taxes; all tax payments must be made by the filing deadline; if not, you the taxpayer and Joint taxpayer are responsible for any resulting penalties and interest. **(3)** You are also responsible for any additional fees for the filing of the extension (see the section on electronic filing).

Client Responsibility:

(A) You agree: You agree that you are responsible for providing us with accurate, complete, and truthful information needed for us to prepare your tax returns, including your and all dependents citizenship, marital status, records, and the like, and that you will review all documents we prepared with us prior to filing. **(1)** You agree to provide us with any and all necessary information to substantiate your dependency deduction including proof of relationship and proof of residency. **(2)** You agree to provide copies of receipts and other documents for income, expenses, credits, for deduction verification as requested. **(3)** You agree to provide **a**) photo identification of you, the joint taxpayer, and all adult dependents such as a government issued I.D. Card, driver’s license and/or a passport; and **b**) social security cards for yourself, the joint taxpayer, and all dependents listed on the return. **(4)** If any person listed on the tax return is not a US Citizen, we will ask to see their Visa, Passport, and/or green card. **(5)** All information received will not be disclosed by us to anyone else unless requested by you, required by law, or to electronically file your return.

(B) Substantiation: Over the last few years one of the ways that a return has become more complicated is with the expansion of Form 8867, Due Diligence Check List. **(1)** The Check List is IRS’s way of making sure that we, the professional preparer, substantiate that the child you declare as a dependent is your child by birth or placement in your care by a court of law. **(2)** They also want substantiated that no one else can declare the child as a dependent and **(3)** that you are eligible for Earned Income Tax Credit (EIC or EITC), Child Tax Credit (CTC), Additional Child Tax Credit (ACTC), American Opportunities Tax Credit (AOTC), and Head of Household (HOH) filing status. **(4)** You agree to supply us with the necessary information and documentation needed for us to lawfully complete the Due Diligence Check List (Form 8867).

(C) Form 8332: If you or the joint taxpayer are not the custodial parent of a minor dependent you must have a properly completed Form 8332 Release/Revocation of Claim to Exemption for Child by Custodial Parent, to take the child as a dependent on the present or previous years return.

(D) Communications: You agree to receive, read/listen to, and act upon any communication, sent to you by phone, letter, email, or text, which we use to contact you. You also agree to hold Beard & Associates LLC, its owners and any present or previous employee harmless for your failure to receive and act upon any communication sent to you.

Filing Status/Client Representations: **(A) Client’s representation(s):** You represent that all information supplied to us to determine proper filing status such as marital status, citizenship/residency status, dependents and deductions, income, tax payments and the like, are complete, truthful, and accurate. **(B) Client’s Responsibility:** You agree that you will review all documents we prepare for accuracy prior to filing.

Health Insurance Requirement: **(A)** If you receive your health insurance through your employer or Medicare, you are exempted from providing substantiation of health insurance. **(B)** If you get your health insurance through the marketplace, we expect you to provide us with a Form 1095-A that shows the names of all individuals covered by the policy and the dates the policy is in effect for us to prepare your return properly and completely.

Electronic Filing: IRS has requirements (rules) relating to who is required to file returns electronically. B&A meets IRS’s requirements and must file your returns electronically. **(A)** If you do not wish to have your return filed

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electronically you must notify the receptionist upon completion of this Engagement Letter. You will receive a "Waiver for Electronic Filing" which you will need to sign prior to the preparation of your return. You will be responsible for any fees or penalties imposed upon us by any taxing authority and for timely and proper mailing* of your return. **(B)** If the waiver is not signed, we are prohibited from preparing the return to be filed by paper, by us, or anyone else. **(C)** We expect that there will not be any changes to the return. **(D)** Our liability is terminated for any paper filed return or changes of a paper filed return when the return, signed or unsigned, leaves this office. **(E)** All sections relating to electronic filing will vary as the IRS gives us the ability to file previous years returns electronically.

Extensions:

(A) Use: Extensions are used to extend the time to file **(1)** If you lack the paperwork to substantiate a deduction or there is other missing information from the return. **It is not an extension of time to pay any tax due;** **(2)** if you know that you are missing information and will not have the information available in time to timely file the tax return; We suggest that you file an extension and pay an appropriate amount of tax deposit to cover any tax due on the return and our filing fee; **(3)** We, at our discretion, may or may not file an extension for a tax return within the 72 hours prior to the due date of the return in question without your permission or direction to do so. It is your responsibility to notify us if you desire us to file an extension for a tax return. If we, at our discretion, file an extension, it is your responsibility to have estimates paid to cover any tax due. **You will be billed for the preparation and filing of the extension.**

(B) Liability: **(1)** You agree to hold us not liable for any interest, penalty, and other fines etc. placed upon the return as a result of not having the appropriate amount of withholding or estimated tax payment with an extension; and **(2)** You agree to hold us not liable for any interest, penalty, and other fines etc. placed upon the return as a result of not having the appropriate amount of withholding or estimated tax payment withheld during the calendar year.

Prior Years Returns: If we are preparing a prior year tax return or amending a prior year tax return regardless of who prepared it, the terms of this agreement apply, except as to electronic filing of ineligible tax returns or amended returns. In such an event you, the taxpayers, are responsible for payment of any mailing* fees, tax due and interest and penalty.

Notices and Limited Liability: **(A) Taxing Authorities Notice:** In the event you receive any notice(s) from any taxing authority affecting return(s) we prepare or any other return(s), and **(B) Affordable Health Care Act (ACA):** In the event you receive any notice(s) from the IRS, the Health Care Exchange, or your Insurance Companies concerning any topic relating to your tax return and the forms required by the ACA; in either case, we expect you to bring us the first notice(s) within seven (7) calendar days. **(1)** Failure to do so terminates any liability stated in this document or verbally that we may have. **(2)** We will assist you in responding to such notice. **(3)** Depending upon circumstances there may be a fee for service.

Communications (Notices): **(A)** Written notices to us must be sent to the address shown on page #1 or any address we provide you; **(B)** Any notices to you shall be sufficient if mailed or delivered to the last address you supply us; **(C)** During the period we are preparing your income tax, unless otherwise specified, you give us permission to communicate with you via electronic forms of communication (fax, e-mail, text, & secure drop box) at the address or email address given to us. **(D)** We will not communicate any personal or financial information via email or text. **(E)** If we send all or any part of the tax return(s) via e-mail we will send the information encrypted. You agree not to hold us liable if someone gains illegal or legal access to your e-mail box and gains access to your information and uses it for criminal purposes.

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Fees, Estimates and Payments: Tax laws and their forms needed to comply with the law have become increasingly complex in recent years. As a result: **(A) Professional fees:** Our fees for services are based on our continuing education requirements to maintain our professional status, knowledge of the tax law, years of experience, the nature and complexity of your tax return(s), forms, schedules, worksheets, research, bookkeeping, and other matters required to properly satisfy **your** tax return filing requirements. **(1) Filing Requirements:** Every client has unique needs and filing requirements; therefore, individual preparation fees will differ. **(2) Fee Estimates:** If we provide a verbal estimate of our fee, **the final fee** will depend on the nature and complexity of your tax return(s), forms, schedules, worksheets, research, bookkeeping, and related services. **(3) Fees Due:** Our professional fees are due in full at the time your tax return(s) are completed and prepared for filing. **(4) Fees include:** The preparation fee paid includes two hours of time to cure problems identified by the IRS after the return is filed but does not include audit representation. **(B) Notice to You:** Notice to you by telephone, fax, text, or e-mail shall be sufficient notification that the return is completed. **No returns will be released or filed until payment in full and a properly signed Form 8879 along with any other signature forms have been received.** **(C) Returned payment:** If any payment made by any method is returned, for any reason, the payment will not be resubmitted and an additional fee of \$40.00 will be added to your bill. **(D) Return completion estimates:** If we provide a verbal estimate of the time necessary to complete your return; this is just that, an estimate. **(1)** The final (actual) length of time to complete your return will depend on the real completeness and complexity; research needed, how many times we must clarify or obtain information from you and how long you take in responding to our information request, and how many returns are ahead of yours. **(2)** Our service policy is to complete the returns in the order they are registered in by us.

Client satisfaction/Fee payment: **(A)** We, as a policy, will not release tax returns we prepare without them being signed and paid in full for our services; **(B)** If you are dissatisfied with our service and withdrawal your materials from us, we will return all original documents you provided to us upon your signing a receipt for them and an Engagement Termination Document. A document given to us by electronic transmission, or in a pdf, jpeg or photo copy or other electronic format is not an original document; **(C)** Payment for an incompletely prepared return is due at the time your materials are given to you along with an Engagement Termination Fee; **(D)** You agree that we may decline to complete your tax return(s) at our discretion and if so, we will return all documents received from you, release you from any liability for fees due to us and have no further liability to you. All unpaid for returns or work remains our property. **(E)** If after signing and paying for the tax return you question or disagree with the manner in which your return was completed, you agree to give us the opportunity to **(1)** explain why we did your return the way it was done, **(2)** if you still are not satisfied you may take the return and your materials to a CPA or Enrolled Agent for review. **(3)** In such an event you will return to us with a written explanation of any disagreement allowing us to review the comments and take appropriate action if any is required. **(4)** If you take your return to any unenrolled or unlicensed fulltime, hobbyist, or relative for review, B&A is not obligated to recognize the objection or make any correction of your return.

Unpaid invoices: **(A)** Unpaid invoices may have an additional charge of \$40.00 or 1.9%/month for each subsequent invoice or unpaid month; **(B)** After being 90 days delinquent, we reserve the right to revoke any or all credits, discounts, or other reductions to the full professional fee. These charges may be assessed in addition to other charges. **(C)** We reserve the right to assess the unpaid invoice for all expenses we incur to locate you, the client, in the collection process. **(D)** We reserve the right, after being ninety (90) days delinquent, to submit the fees due to collections. **(E)** We reserve the right to apply any changes in this "Unpaid Invoices" paragraph to clients with unpaid invoice without notice.

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Document/Return Retention: (A) Copies of Federal, State, and local income tax returns we prepare are retained by us generally in an electronic format for a period of four (4) years from the due date of timely filed tax returns for the current tax year, or two years after we complete an amended or "late filed return" after which time they will be destroyed in a secure manner; (B) We will provide you with a printed copy or a pdf of your tax returns and your tax information documents when the tax returns are completed; (C) We may retain copies of you tax information documents for our records; (D) It is your responsibility to maintain the required copies of your income tax return and all supporting material. (E) IRS and other authorities recommend you retain your income and expense records including tax returns for at least fifteen (15) years, or while you own the property whose information was used as supporting documentation, a deduction, or credit on this year's return. We recommend you keep your tax returns and supporting documentation forever in a safe location. Different documents and different returns have different retention requirements, please, see the appropriate IRS publication for authoritative information; (F) You agree that we may retain copies of the tax information documents and other tax information you supply for our records; (G) Additional copies of your return may be obtained from us. We reserve the right to charge for supplying copies, a minimum charge of up to \$50.00 for a return, and \$5.00 per page for source documents (i.e., 1099-MISC, W-2s) which were supplied to us. Documents supplied to us in an electronic format are not source documents and are part of our work papers.

Power of Attorney/Audit Assistance: Nothing in this agreement appoints any employee or representative of B&A as your attorney-in-fact or legal representative for any purpose with any tax authority. If audit assistance or other representation becomes necessary, we would be happy to assist when you sign the separately required forms and fee agreement on our then current terms and hourly rate.

Client Portal or Secure File Transfer Portal: To meet our privacy commitment to you, it is our policy not to email a tax return or any tax document which contains your personal identifiable information. "Drake Portal" a.k.a. "SecureFilePro" is a secure file transfer service that we are using which allows transfer of documents to or from you through a secure drop box which we setup and control on secure servers maintained by a confidential third party. These documents are encrypted while stored in the Drake Portal and can only be accessed by you or us. With the signing of this letter, you consent to our using Drake Portal to communicate with you and transmit your personal and private taxpayer information.

GruntWorx, LLC: GruntWorx is a company we use to convert official IRS forms to an electronic format, using Artificial Intelligence (OCR), to populate the worksheets in our Drake software assisting in the accurate creation of your tax return. You give us the right to use this service for completing your return.

Venue: (A) This agreement is a contract for professional services and is governed by Michigan law and is not a home solicitation contract. The venue for any action shall be the appropriate court in Oakland County, Michigan, where our principal office is located. (B) If collection action is commenced by us to collect fees due, you agree to pay an additional amount of \$500.00, plus costs, interest at the rate of 7% or higher, if allowed by law, court costs allowed by the Court and a reasonable actual attorney fee of at least \$525.00 or more depending upon the inflation of the fee if one is retained.

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Definition(s):

a) Enrolled Agent (E.A.): An E.A. is a designation given by the U. S. Department of Treasury, Internal Revenue Service to those who have proven their knowledge understanding of the Internal Revenue Code, allowing that person to represent any client on any administrative level of the Internal Revenue Service.

b) AFSP Participant: Annual Filing Season Program started in the 2016 income tax filing year. The program allows an unlicensed tax preparer who has demonstrated their knowledge of the Internal Revenue Code and income tax preparation in a given specialty to represent clients whose return they have prepared (signed) before the IRS when they have agreed to abide by the standards of the licensed preparers.

c) *Mailing: (A) Mailing is defined as referring to the sending of a tax return to IRS by any of the following methods: Unites States Postal Service, Overnight, or Priority services; Federal Express (FedEx); United Parcel Service (UPS); DHL Express; or other IRS approved service. **(B)** It is the recommendation of B&A, based upon experience, that a tax return should be sent to IRS by either electronic filing if not eligible for e-File then use either of the approved private delivery services. We encourage you to not use the United States Postal System because it lacks proof of delivery. If you, the client, insists on using the U. S. Postal system then it is suggested that you obtain a certificate of mailing from the post office where the return is mailed.

***** END OF ENGAGEMENT LETTER *****

Please keep all seven (7) pages of the Engagement Letter together

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INDIVIDUAL TAX SERVICES ENGAGEMENT LETTER

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