

Tax Engagement Letter - Fiduciary

Jodee Paape CPA is pleased to have the opportunity to prepare your fiduciary income tax returns and provide you with professional advice this year. This process places responsibilities on both of us. The IRS and other taxing authorities impose penalties on taxpayers and tax preparers for failure to observe due care in reporting on income tax returns.

MY RESPONSIBILITY: I will prepare your _____ federal and resident state fiduciary income tax returns from information that you furnish to us. I will discuss with you any possible non-resident state income tax returns that may be required and prepare those you specifically request. I will electronically file all eligible returns unless you notify me in writing that you do not wish to electronically file your returns.

YOUR RESPONSIBILITY: The Organizer and Questionnaire should be completed. You represent that the information you are supplying to me is accurate and complete to the best of your knowledge and that you have disclosed to me all relevant facts affecting the returns. I will not verify the information you give me; however, I may ask for additional clarification of some information. It is your responsibility to provide all the information required for the preparation of complete and accurate returns. The final responsibility for the income tax returns is yours, so you must review them carefully before you sign the electronic filing authorization, or, if paper filing, the actual tax returns.

LIMITATIONS: My work in preparing your income tax returns does not include procedures designed to detect irregularities, should any exist. However, I will render such accounting assistance I find necessary to prepare your income taxes properly. I will use my best judgment in resolving questions where the tax law is unclear, or where there may be conflicts between the taxing authority's interpretation of the law and other supportable positions. Unless you tell me otherwise, I will resolve such questions in your favor, whenever possible.

PRIOR YEAR CORRECTIONS: If, during my work, I discover information that affects prior-year tax returns, I will make you aware of the facts. However, I cannot be responsible for identifying all items that may affect prior-year returns. If you become aware of such information during the year, please contact me to discuss the best resolution of the issue. I will be happy to prepare appropriate amended returns as a separate engagement.

FOREIGN REGULATIONS: Please note that any person having a financial interest in, or signature authority over, foreign bank accounts, securities, or other financial accounts having an aggregate value exceeding \$10,000 at any time during the calendar year, must report such a relationship. Filing requirements also apply to taxpayers having direct or indirect control over a foreign or domestic entity with foreign financial accounts, even if the taxpayer does not have his/her own foreign account(s). Failure to disclose the required information to the U.S. Department of the Treasury may result in substantial civil and/or criminal penalties.

If you have a financial interest in, or signature authority over, any foreign accounts, and you want me to prepare the filings, you are responsible for providing me with all the information necessary to prepare the FinCEN Form 114, Report of Foreign Bank and Financial Accounts. This form is required to be received by the Department of Treasury on or before April 15, 2024, for the 2023 tax year. If you do not provide me with information regarding any interest you have in a foreign account or sign the filing authorization, I will not prepare and/or file any of the required disclosure statements.

In addition, the Internal Revenue Service requires foreign account reporting under applicable Internal Revenue Code sections and related regulations. These forms are due with the filing of your federal income tax return (including extensions). The IRS reporting requirements are in addition to the U.S. Department of Treasury reporting requirements stated above. Therefore, it is critical you disclose all foreign investments and/or transactions to my firm. Your signature below indicates you have read this section of the letter and accept responsibility for informing me if you believe you may have foreign reporting requirements with the U.S. Department of the Treasury and/or Internal Revenue Service, and you agree to timely provide me with the information necessary to prepare the appropriate form(s). I assume no liability for penalties associated with the untimely filing, or failure to file, any of these forms.

AUDIT BY TAX AUTHORITIES: It is important that you understand the law imposes various penalties when taxpayers understate their tax liability. You also should know that taxing authority audit procedures will likely include questions on bartering transactions and on deductions that require strict documentation. In preparing your returns, I rely on your representations that I have been informed of all bartering transactions and that you understand and have complied with the documentation requirements for your expenses and deductions. I am not responsible for taxing authority disallowance of doubtful deductions or deductions unsupported by adequate documentation, or the resulting taxes, penalties, and interest.

It is possible your returns may be selected for review by the taxing authorities. In the event of such an examination, I will be available upon request to represent you and will render additional invoices for the time and expenses incurred.

BREACH OF AGREEMENT: The parties agree that any legal action related to an alleged breach of duties of this agreement shall be commenced within two years of the date of the breach, without regard to the date the breach is discovered, except that this time requirement does not apply to collection of fees by Jodee Paape CPA. I reserve the right to collect my fees beyond one year, in conciliation court or by other legal means.

THIRD PARTY AUTHORIZATION: The IRS and most state taxing authorities permit you to authorize me to discuss, on a limited basis, aspects of your return for one year after the return's due date. Your consent to such a discussion is evidenced by checking a box on the return. Unless you tell me otherwise, I will check that box authorizing those taxing authorities to discuss your return with me.

CYBER SECURITY: I may communicate with you or others by email, use facsimile transmissions, send data over the Internet, store electronic data via computer software applications hosted remotely on the Internet, or allow access to data through third-party vendors' secured portals or clouds. Electronic data that is confidential may be transmitted or stored using these methods, in addition to traditional on-site storage. In using these data communication and storage methods, I make reasonable efforts to keep such communications and data access secure in accordance with our obligations under applicable laws and professional standards. You recognize and accept that I have no control over the unauthorized interception or breach of communications or data once it has been sent or has been subject to unauthorized access, notwithstanding all reasonable security measures employed by us or our third-party vendors.

MY FEES: Fees for my tax return preparation service will be billed upon completion of your returns at the appropriate rate for the level and value of services rendered, plus out-of-pocket expenses. All fees and costs incurred to prepare your income tax returns are due and payable when the returns are released from my office. I reserve the right to hold the completed returns until your account is paid in full. Should your return be released without full payment, a finance charge at an annual rate of 18% (1½ % per month) will be assessed on any amount not paid by the 15th of the month following the billing date. Collection costs may also be assessed in certain circumstances.

DUE DATES: A calendar year fiduciary return is due on 4/15 of the following year. For a fiscal year-end or short-year return, the deadline is the 15th day of the fourth month following the close of the year. **In order to meet the filing deadline, the information needed to complete the fiduciary return must be received in this office no later than 30 days prior to the filing due date.** If this is not a final return, you need to distribute the taxable income in order to pass the income on to be taxed at the beneficiary level. Those distributions must be made within 65 days of the year end (March 5th for a calendar year trust/estate). If you would like us to calculate the distribution amounts, we must have information in the office within 50 days of the year end (February 20th for a calendar year trust/estate).

Having read and fully understood the engagement letter, I (we) agree to engage Jodee Paape CPA in accordance with the terms indicated. The information we have provided is complete and correct to the best of my (our) knowledge.

Printed Name of Trust/Estate

Tax Year Ending: _____ Due Date of Return: _____

Signature - Trustee or Executor

Date