



## **2020 TAX YEAR - INDIVIDUAL ENGAGEMENT LETTER**

Dear Client,

Our firm offers many services:

- Tax planning & preparation
- Financial planning services
- Bookkeeping
- Payroll services

With this Engagement Letter, we want to thank you for selecting Madison Randolph, CPA to assist you with your tax return(s) preparation. In accordance with the Statements of Standards for Tax Services issued by the American Institute of Certified Public Accountant (AICPA), we are required to obtain your signature, as well as confirm the terms of agreement with you and the nature and extent of services we will provide. To ensure an understanding of our mutual responsibilities, **we require all clients for whom returns are prepared to confirm to the following arrangement by signing the last page of this Engagement Letter.**

**Please note, we cannot transmit the returns to the taxing authorities until we have the signed authorization.**

### **Scope of Engagement:**

We will prepare your **2020** Federal Form 1040 and State income tax returns, where applicable, from information that you will furnish us. We will prepare the tax returns solely for filing with the Internal Revenue Service (IRS), state and local authorities, if applicable. They are not intended to benefit or influence any third party, either to obtain credit, or for any other purpose.

It is your responsibility to provide information required for preparation of complete and accurate returns. We will not audit or otherwise verify the data you submit, although it may be necessary to ask for clarification on some of the information provided. Upon request, we will provide you with paper organizers to aid you in submitting the proper tax information.

We will prepare your returns based on your filing status (single, married, married filing jointly, married filing separately, head of household or qualifying widow/widower (with dependent child). **If your marital status has changed, you will need to notify us of your filing status.** If you have questions about your filing status, please contact us immediately.

You have the final responsibility for your income tax returns whether they are filed on paper or submitted electronically, and therefore should review them carefully before you sign Form 8879. This will allow us to electronically process the return on your behalf.

## **Timing of Engagement:**

**We must receive all information to prepare your return by March 20, 2021. This is to ensure that your return will be completed by April 15, 2021. If we have not received all your information by March 20<sup>th</sup>, you will have to file an extension and pay any estimated tax due.**

The IRS requires that all taxes owed are due by the original file due date (April 15, 2021). Additionally, extensions may affect your liability for penalties and interest of compliance with government or other deadlines.

Remember, our firm will not prepare any returns unless we receive a signed copy of this Engagement Letter, and either an e-signature or wet signature of Form 8879 prior to e-filing.

## **Extensions:**

We will not automatically file extensions for you - do not contact the office. IRS regulations prevent it.

Before the extension is e-filed, we require a \$100 (non-refundable) extension preparation fee, plus a deposit of one-half of the prior year's tax preparation fee, up to a maximum of \$500. Please note.... if our office (i.e. Tax preparer) has requested additional information from you to complete your tax return, and is not received by **March 20, 2021**– the above fees may be applied to your tax preparation invoice.

If you file your own extension, please notify our office on or before April 15<sup>th</sup>, so we can follow-up with you in May 2020.

## **Client Responsibilities:**

Unless we are otherwise advised, you are responsible for confirming that personal expenses, if any, are segregated from business expenses and other expenses such as meals, travel, entertainment, vehicle use, gifts, and related expenses are supported by necessary records required by the IRS and other taxing authorities. We are available to answer your questions and advise you of the types of supporting records required.

You acknowledge your responsibility to inform us of any bartering transactions, listed transactions or transaction 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 to facilitate the timely preparation and filing of your taxes.

You are responsible for maintaining, in your records, adequate documentation necessary to support the data used in preparing your tax returns. We advise keeping your records for seven (7) years.

You have final responsibility for your income tax returns. Check them carefully for accuracy and completeness before you sign them (See "Scope of Engagement").

## **CPA Firm Responsibilities:**

We will use professional 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. Unless otherwise instructed by you, we will resolve such questions in your favor whenever possible.

We may deem it necessary to provide you with accounting and bookkeeping assistance solely for preparing the income tax returns. We will request your approval before rendering these additional services. Fees for these additional services will be subject to our standard hourly rate.

### ***Our engagement does not include any procedures designed to:***

- discover fraud,
- theft,
- or other irregularities, if any exist.

**This engagement is for tax preparation only and does not include tax-planning services, which our office provides for as a separate engagement and fee.** While preparing your tax returns, we may bring to your attention certain available tax saving strategies for you to consider as possible means of reducing your income tax in subsequent tax years. However, we have no responsibility to do so, and will take no action or follow-up with respect to any such recommendations, as the responsibility for implementation remains with you, the taxpayer.

This engagement does not include responding to inquiries by any governmental agencies 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. If you ask us to represent you, additional charges for the service will be calculated. (See Customer Care Plan (CCP))

It is our policy to keep records related to this engagement for a period of three (3) years. However, we do not keep any original client records, so we return those to you at the completion of the services rendered under this agreement. When records are returned to you, it is your responsibility to retain and protect your records for possible future use, including potential examinations by any government regulatory agencies (See "Client Responsibilities").

## **Fees and Billings:**

The minimum fee is set yearly by our firm. Your fee may vary depending on the complexity of your work to be performed, and our professional time to complete the work. Additionally, this fee depends upon 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. In the event your records are not submitted in a timely manner, or they 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 this matter and the anticipated delay in completing our engagement prior to rendering further services. (See "CPA Firm Responsibilities")

We will bill you for our professional fees, expenses, and out-of-pocket costs (if applicable), as of the date we deliver our work to you. **Payment for service is due upon receipt of your invoice. Returns will not be filed until full payment is received and Form 8879 is signed.** If your return is placed on extension, you will be responsible for ensuring that any payment due with the extension is timely sent to the appropriate taxing authorities. We reserve the right to stop work on any account that is 30 days past due, and a past due payment penalty will be assessed at the rate of 1% per month of the past due balance.

### **Customer Care Plan (CCP):**

We are responsible for preparing only the returns listed above. Our fee does not include responding to inquiries or examination by the IRS. With CCP you can have the safety and security of knowing you are protected by a qualified, experienced CPA who will fight your battles with the IRS. We will represent you in the event of an IRS tax examination, an IRS audit, inquiry, investigation, or review. This means that should you get that IRS letter, you just send it to us, and we handle it with no additional fees. Minimum fee to respond to an IRS letter is \$200, payable at time of engagement.

Should you elect not to participate in our CCP, fees and expenses for defending the returns will be in accordance with the firm's standards terms. In the event of an audit, the minimum retainer is \$2,000 for the first ten (10) hours. Average amount of time it takes on a full IRS audit can take up to 30 hours. Please contact our office for further information.

### **Termination and Other Terms:**

Any claim arising out of this Agreement must be commenced within one (1) year of the delivery of the tax return to the client.

We reserve the right to withdraw from this engagement without completing the returns; if you fail to comply with the terms of this Engagement Letter; if you disagree with our recommendations regarding tax returns filing and reporting obligations; tax returns positions to be taken or disclosures to be made in the returns; or if we determine professional standards require our withdrawal for any reason.

You agree that any disputes that may arise regarding the meaning, performance or enforcement of this engagement will, prior to resorting to litigation, be submitted to mediation, and that they will engage in the mediation process in good faith once a written request to mediate has been given by any party to the engagement. The results of such mediation shall be binding only upon agreement of each party to be bound. The costs of any mediation process shall be shared equally by the participating parties.

Any litigation arising out of this engagement, except actions by us to enforce payment of our professional invoices, must be filed within one year from the completion of the engagement. In the event of litigation brought against us, any judgment you obtain shall be limited in amount, and shall not exceed the amount for the fee charged by us, and paid by you, for the services set forth in this Engagement Letter.



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**2020 TAX YEAR - INDIVIDUAL ENGAGEMENT LETTER**  
Attestation/Signature Page

**Please sign and date ( below) and include this signature page with your 2020 tax information.**

**Complete Agreement and Signatures:**

We want to express our appreciation for the opportunity to work with you. Please date and sign the enclosed copy of this Engagement Letter in the space indicated and return it to our office. It is our policy to initiate service only after we receive the signed copy. If you have any questions or concerns regarding this Engagement Letter or desired services (tax planning, bookkeeping, payroll, etc.), please contact our office for further information.

Please note: If there are any other tax returns you expect us to prepare, such as corporate, LLC, partnership, fiduciary, gift or other family returns - please contact our offices as soon as possible.

Your signature(s) below indicates that you/we agree to the terms as set forth on the 2020 Tax Year – Engagement Letter located at [www.madisonrandolph.com/forms](http://www.madisonrandolph.com/forms).

**Thank You for this opportunity to serve you.....**

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Madison Randolph, CPA

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Date

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\*Client Signature

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Date

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\*Client Signature

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Date

**\* If joint return, both parties must sign.**