



THE A.C.T. GROUP LLC  
ODONI PARTNERS COMPANY

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## Individual Income Tax Return: General

January, 2020

Dear Client:

The A.C.T. Group LLC is pleased to provide you with the professional services described below. This letter confirms our understanding of the terms and objectives of our engagement and the nature and limitations of the services we will provide. The engagement between you and our firm will be governed by the terms of this letter.

### **Scope of Engagement**

We will prepare your 2019 Federal and State individual income tax returns from information you furnish us. If requested by you, we will also prepare prior year or amended tax returns. Our services will be concluded upon delivery to you of your tax returns for your review and filing with the appropriate tax authorities.

We will not prepare any tax returns except those identified above without your written authorization to do so. We will prepare your tax returns based upon information and representations you provide to us. We will not audit or otherwise verify the data you submit to us, although we may ask you to clarify certain information. We will prepare the above referenced tax returns solely for filing with the Internal Revenue Service ("IRS") and state and local tax authorities. Our work is not intended to benefit or influence any third party, either to obtain credit or for any other purpose.

We 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.

You agree to indemnify and hold us 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.

Our engagement does not include any procedures designed to detect errors, fraud, or theft. Therefore, our engagement cannot be relied upon to disclose such matters.

You agree that you will not and are not entitled to rely on any advice given to you by us unless your request and our response are provided in writing.

### **Client Responsibilities**

We will provide you with an income tax organizer to help you compile 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 income from sources outside the United States of America.

We rely on the accuracy and completeness of both the information you provide in the income tax organizer and other supporting data you provide in rendering professional services to you.

### **Documentation**

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 applicable tax law and regulations. You are responsible for the adequacy of all information provided in 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.

### **Personal expenses**

You are responsible for confirming that personal expenses, if any, are segregated from business expenses and 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. At your request, we are available to answer your questions and advise you on the types of supporting records required.

### **Gift Tax Returns**

The IRS considers a gift to be any transfer to an individual, either directly, or indirectly, where full consideration (measured in money or money's worth) is not received in return. Under federal tax law, certain gifts are taxable and subject to an annual gift tax exclusion amount, which for 2019 is \$15,000 per tax payer. You are responsible for informing us if gift tax returns are required to be filed. If you ask us to prepare these returns, we will confirm this representation in a separate engagement letter.

### **Gifts received from foreign persons**

If you received a gift or bequest from a foreign person or trust, you may be required to file a separate IRS Form 3520, Annual Return to Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts. If you ask us to prepare this return, we will confirm this in a separate engagement letter.

### **State and local filing obligations**

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, property or unclaimed property taxes. You agree that we have no responsibility to research these obligations or to inform you of them. If upon review of the information you have provided us and other information that comes to our attention, we believe you may have an obligation to file additional tax returns, we will notify you of this responsibility in writing and ask you to contact us. If you ask us to prepare these returns, we will confirm this in writing, under a separate engagement.

### **U.S. filing obligations related to foreign investments**

As part of your filing obligations, you may be required to make certain information disclosures related to your foreign investments. You are responsible for informing us of all foreign assets owned directly or indirectly, including but not limited to financial accounts with foreign institutions, other foreign non-account investments, and ownership of any foreign entities, regardless of amount.

Based on the information you provide; you may have additional filing obligations including but not limited to:

- Ownership of or an officer relationship with respect to certain foreign corporations (Form 5471);
- Foreign-owned U.S. corporation or domestic disregarded entity (Form 5472);
- Foreign corporation engaged in a U.S. trade or business (Form 5472);
- U.S. transferor of property to a foreign corporation (Form 926);
- U.S. person with an interest in a foreign trust (Forms 3520 and 3520-A);
- U.S. person with interests in a foreign partnership (Form 8865); or
- U.S. person with interests in a foreign disregarded entity (Form 8858).

If we believe you have additional filing requirements, we will discuss them with you prior to completing your tax return.

In addition, as part of your filing obligations, you are required to report the maximum value of specified foreign financial assets, which include financial accounts with foreign institutions and certain other foreign non-account investment assets that exceed certain thresholds.

Based upon the information you provide, we will use this data to inform you of any additional filing requirements, which may include Form 8938, Statement of Specified Foreign Assets, and FinCEN Form 114, Report of Foreign Bank and Financial Accounts (“FBAR”). The FBAR is not a tax return and its preparation is not within the scope of this engagement. If you ask us to prepare the FBAR, we will confirm this representation in a separate engagement letter.

Failure to timely file the required forms may result in substantial civil and/or criminal penalties. By your signature below, you agree to provide us with complete and accurate information regarding any foreign investments that you have a direct or indirect interest in, or over which you have signature authority, during the above referenced tax year.

#### **Foreign filing obligations**

You are responsible for complying with the tax filing requirements of any other country. You acknowledge and agree that we have no responsibility to raise these issues with you and that foreign filing obligations are not within the scope of this engagement.

#### **Other Income, losses and expenses**

If you realized income, loss or expense from a business or supplemental income or loss, the reporting requirements of federal and state income tax authorities apply to such income, loss or expense. You are responsible for complying with all applicable laws and regulations pertaining to such operations, including the classification of workers as employees or independent contractors and related payroll tax and withholding requirements.

#### **Ultimate responsibility**

You have final responsibility for your income tax returns. We will provide you with a copy of your electronic tax returns and accompanying schedules and statements for review prior to filing with the IRS and state and local tax authorities, as applicable. You agree to review and examine them carefully for accuracy and completeness.

You will be required to verify and sign a completed Form 8879, IRS e-file Signature Authorization, and any similar state and local equivalent authorization form before your returns can be filed electronically.

In the event that you do not wish to have your tax returns filed electronically, please contact our firm. Additional procedures will apply. You will be responsible for reviewing the paper returns for accuracy, signing them, and filing them timely with the tax authorities.

#### **CPA Firm Responsibilities**

Unless otherwise noted, we will perform our services in accordance with the Statements on Standards for Tax Services (“SSTS”) issued by the American Institute of Certified Public Accountants (“AICPA”) and the U.S. Treasury Department Circular 230 (“Circular 230”). It is our duty to perform services with the same standard of care that a reasonable income tax preparer would exercise in this type of engagement. It is your responsibility to safeguard your assets and maintain accurate records pertaining to transactions. We will not hold your property in trust for you or otherwise accept fiduciary duties in the performance of the engagement.

We will prepare your returns based on your filing status (single, married filing jointly, married filing separately, head of household or qualifying widow[er] with dependent child) as reflected in your income tax returns for last year. If your filing status has changed, you wish to change your filing status, or you have questions about your filing status, please contact us immediately.

#### **Confidentiality**

If the tax returns prepared in connection with this engagement are filed using the married filing jointly filing status, both spouses are deemed to be clients of the firm under the terms of this Agreement. Both individuals acknowledge that there is no expectation of privacy from the other concerning our services in connection with this Agreement. We

are at liberty to share with either of you, without prior consent of the other, documents and other information concerning the preparation of your tax returns.

#### **Bookkeeping assistance**

We may deem it necessary to provide you with accounting and bookkeeping assistance solely for the purpose of preparing the income tax returns. These services will be performed solely in accordance with the AICPA Code of Professional Conduct. We will request your approval before rendering these services. Additional charges will apply to such services.

#### **Prior year review**

Our review of the prior year's tax returns will necessarily be limited and may not find all errors. We will, however, bring to your attention any errors that we find. If you ask us to prepare amended tax returns and address any other matters arising as a result of any error, we will confirm this representation in a separate engagement letter.

#### **Estimated tax payments**

You may be required to make quarterly estimated tax payments. We will calculate these payments for the 2019 tax year based upon the information you provide to prepare your 2019 tax returns (the "safe harbor" basis) and have no obligation to update recommended payments after the engagement is completed. If you ask us to update your estimated tax payments, we will confirm this in a separate engagement letter.

#### **Government inquiries**

This engagement does not include responding to inquiries by any governmental agency or tax authority. If your tax returns are selected for examination or audit, you may request our assistance in responding to such inquiry. If you ask us to represent you, we will confirm this in a separate engagement letter and delineate how additional charges for this service will be calculated.

#### **Brokerage or investment advisory statements**

If you provide our firm with copies of brokerage (or investment advisory) statements and/or read-only access to your accounts, we will use the information for the purpose of preparing 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 transactions, investment activity, provide investment advice, or supervise the actions of the entity or individuals entering into transactions or investment activities on your behalf. We recommend you receive and review all statements promptly and carefully, and direct any questions regarding account activity to your banker, broker or investment advisor.

#### **Third-party verification requests**

We will not respond to any request from banks, mortgage brokers or others for verification of any information reported on these tax returns. We do not communicate with third parties or provide them with copies of tax returns.

#### **Timing of the Engagement**

We expect to begin the preparation of your returns upon receipt of the completed 2019 tax organizer and all tax documents requested either in the organizer or by our office.

Our services will conclude upon the earlier of:

- the filing and acceptance of your 2019 tax returns by the appropriate tax authorities and mailing or delivery of non-electronically filed tax returns (if any) for your review and filing with the appropriate tax authorities,
- written notification by either party that the engagement is terminated, or
- one year from the execution date of this Agreement.

If your returns are electronically filed, our services will conclude upon the filing and acceptance of your 2019 tax returns by the appropriate taxing authorities. You will be required to verify and sign a completed Form 8879, IRS e-file Signature Authorization, and if applicable a State Equivalent Authorization Form before your returns can be filed electronically. You are responsible for reviewing the accuracy of all tax returns and any accompanying schedules and statements prior to filing.

If your return is filed by mail, our services will conclude upon delivery to you of your 2019 tax returns for your review and filing with the appropriate taxing authorities.

### **Extensions of Time to File Tax Returns**

The original filing due dates for your tax returns are April 15, 2020 for federal and April 15, 2020 for State. Due to the high volume of tax return compliance services performed by our firm, the information needed to complete the tax returns must be received no later than March 15, 2020 to provide us with adequate time to prepare your returns for filing by the due dates.

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. Applying for an extension of time to file may extend the time available for a government agency to undertake an audit of your returns or may extend the statute of limitations to file a legal action. 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.

To the extent you wish to engage our firm to apply for extensions of time to file tax returns on your behalf, you must notify us of this request in writing. Our firm will not file these applications unless we receive an executed copy of this Agreement and your express written authorization to file for an extension. In some cases, your signature may be needed on such applications prior to filing. Failure to timely request an extension of time to file can result in penalties for failure to file tax returns, which accrue from the original due date of the returns, and can be substantial.

We are available to discuss this matter with you at your request. Additional charges will apply for such services.

### **Penalties and Interest Charges**

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 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.

### **Fees and Billings**

Our fees are based upon the complexity of the work to be performed, and our professional time, as well as out-of-pocket expenses. In addition, fees depend upon the timely delivery, availability, quality, and completeness of the information you provide to us. You agree that you will deliver all records requested and respond to all inquiries made by our staff to complete this engagement on a timely basis. You agree to pay all fees and expenses incurred whether or not we prepare the tax returns. Note: Fees are payable on receipt. Balances over 30 days old will be assessed an 18% interest charge.

### **Electronic Data Communication and Storage and Use of Third Party Administrative Services**

In the interest of facilitating our services to you, we may 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. Your confidential electronic data may be transmitted or stored using these methods. We may use third party service providers to store or transmit this data, such as providers of tax return preparation software. In using these data communication and storage methods, our firm employs measures designed to maintain data security. We use reasonable efforts to keep such communications and data access secure in accordance with our obligations under applicable laws and professional standards. We require our third party vendors to do the same.

You recognize and accept that we have no control over the unauthorized interception or breach of any 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. You consent to our use of these electronic devices and applications and submission of confidential client information to third party service providers during this engagement.

To enhance our services to you, we will use SmartVault and/or CCH, collaborative, virtual workspaces in a protected, online environment. SmartVault and CCH allow for real-time collaboration across geographic boundaries and time zones and allows The A.C.T. Group LLC and you to share data, engagement information, knowledge, and deliverables in a protected environment. In order to use SmartVault and/or CCH, you will be required to execute a client portal agreement and agree to be bound by the terms, conditions and limitations of such agreement. You agree that The A.C.T. Group LLC has no responsibility for the activities of SmartVault and/or CCH, and agree to hold The A.C.T. Group LLC harmless with respect to any and all claims arising from or related to the operation of SmartVault and CCH. While SmartVault and CCH backs up your files to a third party server, we recommend that you also maintain your own backup files of these records.

**Entire Agreement**

This engagement letter, including any attachments, encompasses the entire agreement of the parties and supersedes all previous understandings and agreements between the parties, whether oral or written. Any modification to the terms of this engagement letter must be made in writing and signed by both parties.

Please note that by submitting your information, you agree to the terms of this engagement, even if unsigned. This engagement terminates upon deliverance of the tax returns. Also, please remember you are responsible for the information on your return. Please make sure you review carefully and approve your completed tax returns before signing e-file authorization forms to be sent to the tax authorities.

We appreciate the opportunity to be of service to you. Please date and sign the enclosed copy of this engagement letter and return it to us to acknowledge your agreement with its terms. It is our policy to initiate services only after we receive the executed engagement letter.

Very truly yours,

The A.C.T. Group LLC

ACCEPTED BY:

\_\_\_\_\_  
Primary Tax Payer Name (Signature)

\_\_\_\_\_  
Spouse's Name (Signature)

\_\_\_\_\_  
Date