

CONWAY CPAs LLC
ACCOUNTANTS & ADVISORS

www.conwaycpas.com

ENGAGEMENT LETTER FOR 2020 ESTATE OR TRUST TAX FILINGS-1041

PURPOSE OF THIS LETTER

This letter is to confirm and specify the terms of our engagement with you and to clarify the nature and extent of the services we will provide concerning the preparation of your estate or trust federal & state tax returns. In order to ensure an understanding of our mutual responsibilities, we ask all clients for whom returns are prepared to confirm the following arrangements.

WHAT WE WILL DO and YOUR RESPONSIBILITIES:

We will prepare your 2020 (and other years, as requested) estate or trust federal and state income tax returns that you request from information that you will provide to us. We will not audit or otherwise verify the data you submit, although it may be necessary to ask you for clarification of some of the information to avoid improper reporting and possible Internal Revenue Service (IRS) penalties. We may use outside services to assist us in the preparation of the returns and we may furnish you with tax organizers, questionnaires, and worksheets to guide you in gathering the necessary information. Your use of such forms will assist in keeping pertinent information from being overlooked.

It is your responsibility to provide all the information required for the preparation of complete and accurate returns. You agree to provide us with complete and adequate information as required by law on a timely basis and you represent that the information you are supplying to us is accurate and complete to the best of your knowledge. We will rely on your source documents, 1099's, computer flash drives, and other third party source documents in determining the tax, character, and treatment of a given transaction. You represent there is adequate substantiation to support deductions for any expenses claimed on the returns. You have the final responsibility for the income tax returns and, therefore, you should review them carefully before you sign any document authorizing us to electronically file the returns (or before you sign and mail them if they are not electronically filed).

We have the right to withdraw from this engagement, at our discretion, if you don't provide us with any information we request in a timely manner, refuse to cooperate with our reasonable requests, or misrepresent any facts. Our withdrawal will release us from any obligation to complete your return and will constitute completion of our engagement. You agree to compensate us for our time and out-of-pocket expenses through the date of our withdrawal.

RECORDKEEPING REQUIREMENTS

The IRS and other taxing authorities have the right to examine the tax returns you file. You should be aware of certain recordkeeping requirements. The law requires you to maintain information substantiating all income and deductions on your tax returns. Specific written records are required for deductions of certain charitable contributions, business travel, meals, and most business mileage. There is a specific question on your tax return about whether you keep such written records - and we assume you do have these written records unless you let us know otherwise. Let us know if you have questions about the kinds of documentation that will satisfy these IRS requirements. All of your original records will be returned to you at the end of each engagement. Generally, we will make photocopies or electronic copies of the documents you present to us. Our working papers and files are not a substitute for the original records that you should maintain. You should retain all the documents, canceled checks, and other data that form the basis of income and deductions for a minimum of 7 years. These may be necessary to prove the accuracy and completeness of the returns to a taxing authority if you are audited.

**8910 Wesley Street
Greenville, TX 75402
Office (903) 455-9898
Fax (903) 454-3181**

**603 South Goliad Street
Rockwall, TX 75087
Office (972) 771-1065
Fax (972) 771-1022**

WE ARE YOUR ADVOCATES AND ADVISORS

Our work in connection with the preparation of your income tax returns does not include any procedures designed to discover defalcations or other irregularities, should any exist. We will render such accounting and bookkeeping assistance as determined to be necessary for preparation of the income tax returns. All work is performed on a best efforts basis, with no guarantee of outcome. We accept no responsibility for any inability or failure to spot any given problem before its occurrence, nor do we assume any financial obligation to you because of any future outcome arising from this engagement.

If, during our work, we discover information affecting your prior year tax returns, we will make you aware of the facts. However, we 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 us to discuss the best resolution of the issue.

TAX RETURN AUDITS AND IRS OR STATE TAX AUTHORITY NOTICES

Your returns may be selected for audit by a taxing authority. Any proposed adjustments by the examining agent are subject to certain rights of appeal. In the event of such government tax examination, we will be available upon request to represent you and will render additional invoices for the time and expenses incurred, in accordance with terms we agree on for that engagement. As a responsible client, you agree to contact us immediately if you discover additional information that may lead to a change in your returns, or if you receive any letters from the IRS or state taxing authorities.

DUE DATE FOR FILING

The initial filing deadline for 2020 tax returns is April 15, 2021. In order to meet the filing deadlines, we should receive the information needed to complete your returns by March 19, 2020.

EXTENSION OF TIME TO FILE

After receipt of your information, if an extension of time to file the return is required (one extension is generally available and it is for six (6) months, to October 15th), **any tax that may be due with the returns should be paid with the extensions.** We will file extensions on your behalf as we judge necessary to avoid any reasonable chance of failing to comply with filing deadlines should information needed to complete a return not be received by us with adequate time (in our sole judgment) for careful preparation. **It is your responsibility to inform our office of any additional state filings that may require an extension. Any amounts not paid by the filing deadline are subject to interest and late payment penalties when those amounts are actually paid. In no way should you assume an extension will automatically be filed on your behalf without contacting our office. We will need to speak directly to you regarding any and all extensions filed.**

FEES

Our fees for these services, which are generally subject to annual periodic changes, will be based upon the complexity of the tax returns, taking into account interview and tax research time, skill needed to prepare the return, number of forms, items per form, tax return processing charges, clerical costs, plus any applicable out-of-pocket costs such as long distance phone calls, postage, and transportation expenses. A non-refundable deposit may be required once the engagement has been accepted. An additional retainer may be required if returns are to be prepared for multiple years. **Any additional services such as calculation of tax estimates, providing copies of your information or responding to IRS or state taxing authority letters should be regarded as an additional service and will be billed separately.** Payment is due and payable upon the completion of your tax returns and before the returns are electronically filed (or prior to delivery of the returns to you if the returns are to be paper filed). In the event that our statements for fees remain unpaid after 30 days, we reserve the right to charge interest at the rate of 1.00% per month, to help defray a portion of the additional costs of carrying and administering delinquent accounts.

Specifically, you have asked that we gather the information to prepare the Schedules within your estate and trust return. We will use information that is provided to us to add up the necessary income and expenses categories to include on your return. We will use bank statements and other documents that you have provided to us. Our fees will be based on the amount of time and expertise required to perform this task. Per our agreement the staff's time to gather the information will be billed on an hourly rate. The rate will be determined by the level of expertise necessary to complete the task.

EMAIL

All parties to this agreement recognize that email is not to be considered as legally confidential and agree to hold harmless each other for any breaches of confidentiality arising from the use of email in any way pertaining to this engagement.

INTEREST, PENALTIES, DISPUTES

The tax law provides various penalties that may be imposed when taxpayers understate their tax liability. It is important that you know the law imposes a penalty if a taxpayer makes a substantial understatement of tax liability. For individual taxpayers, a substantial understatement occurs when the understatement for the year exceeds the greater of 10% of the tax required to be shown on the return or \$5,000. The penalty is 20% of the tax underpayment. IRS audit procedures will usually include questions on bartering transactions and on deductions that require strict documentation such as travel and meals expenses and expenses for business usage of autos and computers. In preparing your returns, we rely on your representations that we have been informed of all bartering transactions and that you understand and have complied with the documentation requirements for your expenses and deductions. If you have questions about these issues, please let us know.

SUMMARY:

We want to express our appreciation for this opportunity to work with you. The points below will summarize the scope of our engagement: When you submit your tax and accounting information to us, you acknowledge and agree to the terms and conditions outlined above.

- When you submit your tax and accounting information to us, you acknowledge and agree to the terms and conditions outlined above.
- This letter will apply to the preparation of the above returns with respect to subsequent years, unless this agreement is amended or terminated in writing by either the taxpayer or the CPA firm.
- Return all tax organizers, questionnaires, or worksheets that were provided to you for completion.
- Please let us know if there are any additional returns you expect us to prepare (i.e. gift tax, estate income tax, other state returns), or if you are interested in or desire other services offered by our firm.

To affirm that this letter correctly summarizes your understanding of the arrangements for this work, please sign this letter in the space indicated below and return to us promptly. Please also return your completed Tax Organizer, payment authorization form and related tax documents. We appreciate your confidence in our services. Please contact us if you have any questions.

Sincerely,

Conway CPAs LLC

Neil Conway, CPA nconway@conwaycpas.com
Coleen M Smith, CPA csmith@conwaycpas.com
Mike Conway, CPA mconway@cpas.com

Accepted By: (Fiduciary) _____ Date: _____

2020 ESTATE OR TRUST INFORMATION WORKSHEET

Legal Name: _____ EIN#: _____

Type of Entity: _____ Date of Formation: _____

Address: _____

Preferred Phone #: _____

Preferred Email Address: _____ Secondary Phone #: _____

Fiduciary

Name: _____ SS# _____ Title _____

Beneficiaries

Name: _____ SS# _____ Percentage _____

Title _____

Taxpayer Responsibilities

- You agree to provide us all income and deductible expense information. If you receive additional information after we begin working on your return, you must contact us immediately to ensure your completed tax returns contain all relevant information.
- You affirm that all expenses or other deduction amounts are accurate and that you have all required supporting written records. In some cases we may ask to review your documentation.
- You must be able to provide written records of all items included on your return if audited by either the IRS or state tax authority. We can provide guidance concerning what evidence is acceptable.
- You must review the return CAREFULLY before signing to make sure the information is correct.

- Fees **MUST** be paid before your tax return is delivered to you or filed on your behalf. If you terminate the engagement before completion, you agree to pay a fee for work completed. A retainer is required for preparation of late returns.
- You should keep a copy of your return for 7 years.

Signatures: By signing below you acknowledge that you have read, understand, and accept your obligations and responsibilities. This includes the information you have provided on this worksheet and the information provided on your Estate or Trust Tax Engagement Letter.

Fiduciary Signature

Date

Title

Printed Name of Fiduciary Signer