



SULLIVAN & COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

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Engagement Letter for Individual Tax Returns

Dear Client:

You have engaged our firm to prepare your:

Federal Income Tax Return – Form 1040

State Income Tax Return (s) (\_\_\_\_\_)

City Income Tax Return(s) (\_\_\_\_\_)

Estimated Tax (\_\_\_\_\_)

Other Tax Returns (\_\_\_\_\_)

We appreciate the opportunity to work with you. To minimize the possibility of a misunderstanding between us, we are setting forth pertinent information about the services we will perform for you.

**Tax Services**

We will prepare your \_\_\_\_\_ federal and state individual income tax returns from the information you furnish to us. To assist you in gathering and organizing the necessary information required to prepare your individual income tax returns, we will furnish you with a tax organizer or tax checklist with supplementary questions. Providing us with the completed information will help to ensure that you are not overlooking important information that may be necessary to complete accurate tax returns.

You are confirming that you will furnish us with all the information required for preparing the returns. This includes, but is not limited to, providing us with the information necessary to identify (1) all states and foreign countries in which you “reside” (even on a temporary basis), “do business” or derive income (directly or indirectly) and (2) the extent of business operations in each relevant state and/or country. We will not audit or verify the data you submit, although we may ask you to clarify it or furnish us with additional information. You should retain all the documents, books, and records that form the basis of your income and deductions. The documents may be necessary to prove the accuracy and completeness of the returns to a taxing authority. If you have any questions as to the type of records required, please ask us for advice in that regard.

You agree to provide us with complete and accurate information regarding any transactions in crypto assets or transactions using any virtual currencies during the applicable tax year. Please ask us for advice if you have any questions. If you require additional consulting services to evaluate the specific treatment of digital assets or virtual currency and we agree to perform such services, such services will be covered under a separate engagement letter.

You understand that we must receive all information to prepare your tax return by March 1 of the filing season to ensure that your tax return will be completed by April 15 of the filing season. If we have not

received all of the information by March 1, it is possible we will file an extension. If we file an extension, you understand that any tax return filed after April 15 with a balance due is subject to penalty and interest. **Penalty and interest apply to tax returns with a balance due, even if an extension is filed.** You acknowledge you have read on our company website, [www.eSullivan.net](http://www.eSullivan.net), other useful facts under the heading “What the Client Should Expect for Personal Tax Return Preparation.” This document is also available by email or at our office. Please let us know if you would like a copy emailed to you.

We will use our professional judgment in preparing your returns. Given the magnitude of recent tax law changes including, but not limited to, modifications to certain economic tax relief provisions that were part of recent U.S. stimulus packages, as well as some new tax concepts introduced in the law, additional stated guidance from the taxing authorities and possibly from Congress in the form of technical corrections or revisions to certain income tax provisions may be forthcoming. We will use our professional judgment and expertise to assist you given the guidance as currently promulgated at the time our services are rendered. Subsequent developments issued by the applicable tax authorities may affect the information we have previously provided, and these effects may be material. Whenever we are aware that a possibly applicable tax law is unclear or that there are conflicting interpretations of the law by authorities (e.g., tax agencies and courts), we will share our knowledge and understanding of the possible positions that may be taken on your return. In accordance with our professional standards, we will follow whatever position you request, as long as it is consistent with the codes, regulations, and interpretations that have been promulgated.

If a taxing authority should later contest the position taken, there may be an assessment of additional tax, interest, and penalties. We assume no liability for any such assessment of additional tax, penalties, or interest. In the event, however, that you ask us to take a tax position that in our professional judgment will not meet the applicable laws and standards as promulgated, we reserve the right to stop work and shall not be liable for any damages that occur as a result of ceasing to render services.

The law provides for a penalty to be imposed where a taxpayer makes a substantial understatement of their tax liability. Taxpayers may seek to avoid all or part of the penalty by showing (1) that they acted in good faith and there was reasonable cause for the understatement, (2) that the understatement was based on substantial authority, or (3) there was a reasonable basis for the position taken on the return and the relevant facts affecting the item’s tax treatment were adequately disclosed on the return. You agree to advise us if you wish disclosure to be made in your returns or if you desire us to identify or perform further research with respect to any material tax issues for the purpose of ascertaining whether, in our opinion, there is “substantial authority” for the position proposed to be taken on such issue in your returns.

You acknowledge by your signature below that our policy is to put all tax advice in writing and that you will not rely on oral advice because it may be tentative, incomplete, or not fully communicated.

If your individual return includes business activities, please note that in 2018, a Supreme Court Ruling in South Dakota v. Wayfair, Inc. (“Wayfair”) significantly impacted businesses that engage in out-of-state sales (i.e., remote sales). Wayfair opened the door for other states to redefine what is deemed to be “sufficient contact” from a physical presence standard, to a much broader standard that looks at a business’s economic presence (“economic nexus”) in a given state. How this may impact your business depends on the individual states from which you derive sales and whether they have adopted an economic nexus standard. As our engagement is limited to preparing the income tax returns specified above, our firm is not rendering any services designed to assess your sales and use tax risks and potential exposure to substantial (“economic”) nexus. By your signature below, you understand and

acknowledge that you are responsible for compliance with applicable rules associated with the collection and remittance of sales and use tax for the various states in which you do business. If you require our assistance to assess your sales and use tax exposure and how the Wayfair decision may impact your business, please let us know. Any additional services will be covered under a separate engagement letter.

In addition, if your individual return includes a business, and that business has employees working remotely in another locality, state and/or foreign country, even on a temporary basis, your company may be viewed as having “nexus” in that location for tax purposes. If a business is deemed to have “nexus” for that location, the business may be obligated to pay additional franchise, income, sales or use tax; payroll or other business tax; and to comply with other tax or reporting requirements. By your signature below, you understand that you are responsible for tracking the locations where company employees live and work and determining the tax compliance requirements in those respective locations. If you require our assistance to assess your potential tax exposure in locations other than your normal place of business where you may have employees residing, please let us know. Any additional services will be covered under a separate engagement letter.

Starting in 2024, the Corporate Transparency Act (“CTA”) mandates certain entities (primarily small and medium-size businesses) created in or registered to do business in the United States report information about their beneficial owners—the individuals who ultimately own or control a company—to the Financial Crimes Enforcement Network (“FinCEN”). If your individual return includes a business, you are responsible for compliance with the CTA, if applicable, and for ensuring that any required reporting of beneficial ownership information is timely filed with FinCEN as required by the CTA. If you have any questions regarding compliance with the CTA, including but not limited to whether an exemption may apply to your business or to ascertain whether relationships constitute beneficial ownership under CTA rules, please let us know. Any additional services will be covered under a separate engagement letter.

If there are any other services or tax returns that you expect us to prepare, such as estate, gift, sales, fiduciary property, states, or locals, you will note them at the bottom of this letter.

You understand if you submit additional data after we complete your tax return, the tax return will have to be prepared again and reprocessed. **You acknowledge that you understand there will be additional costs to reprepare and reprocess your tax return a second time. For this reason, you will try to be as complete as possible with the information when it is submitted initially.**

You understand that emailed communication sent by you will only be deemed as received by Sullivan & Company, CPAs when Sullivan & Company, CPAs sends a confirmation email stating that your email was received. Acceptable methods of communication would be a telephone call in which we speak to you or an in-office visit in which you meet with one of our professionals.

**If you and/or your entity have a financial interest in, or signature authority over, any foreign accounts, you may be subject to certain filing requirements with the U.S. Department of the Treasury, in addition to the Internal Revenue Service (IRS). Filing requirements may also apply to taxpayers that have direct or indirect control over a foreign or domestic entity with foreign financial accounts, even if the taxpayer does not have foreign account(s).**

**The filing deadline for the Report of Foreign Bank and Financial Accounts (FBAR) required by the U.S. Department of the Treasury is April 15th and follows the federal income tax due date guidance, which notes that if the tax due date falls on a weekend or legal holiday, the form is**

considered timely filed if filed on the next business day. An automatic 6-month extension is available. Electronic filing of the FBAR is mandatory using the Bank Secrecy Act (BSA) e-filing system for the Financial Crimes Enforcement Network (FinCEN). We must receive a signed consent form from you prior to submitting the foreign reporting form. If we do not receive your signed authorization to file your foreign reporting form, we will not be able to file any of the required disclosure statements on your behalf.

Additionally, the IRS requires information reporting on foreign interests or activities under applicable IRC sections and related regulations, and the respective IRS tax forms are due when your income tax return is due, including extensions. The IRS reporting requirements are in addition to the U.S. Department of the Treasury reporting requirements stated above. Therefore, if you have any direct or indirect foreign interests that require disclosures to the IRS, you must provide us with the information necessary to prepare the applicable IRS forms.

Failure to timely file the appropriate forms with the U.S. Department of the Treasury and the IRS 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 accounts that you and/or your entity may have had a direct or indirect interest in, or signature authority over, during the above-referenced tax year. The foreign reporting requirements are very complex, so if you have any questions regarding the application of the U.S. Department of the Treasury and/or the IRS reporting requirements to your foreign interests or activities, please ask us for advice in that regard. We assume no liability for penalties associated with the failure to file or untimely filing of any of these forms.

Taxing authorities require us to electronically file all federal and state individual income tax returns (“e-filing”). However, you do have the right to “opt out” of the e-filing program. Please notify our firm immediately should you desire not to have your returns e-filed so that we may provide you with the form(s) necessary for opting out of the e-file program. Please note that unless you notify us of your desire to not e-file your returns, we will prepare your returns to be e-filed.

Although e-filing requires both you and our firm to complete additional steps, the same filing deadlines will apply. Therefore, you must ensure that you complete the additional requirements well before the due dates for our firm to be able to transmit your returns timely. We will provide you with a copy of the income tax returns for your review prior to electronic transmission. After you have reviewed the returns, you must provide us with a signed authorization indicating that you have reviewed the returns and that, to the best of your knowledge, you feel they are correct. **We cannot transmit the returns to the taxing authorities until you have signed the e-file authorization and returned to us.** Therefore, if you have not provided our firm with your signed authorization, we will place your returns on extension, even though they might already have been completed. In that event, you will be responsible for ensuring that any payment due with the extension is timely sent to the appropriate taxing authorities. You will also be responsible for any additional costs our firm incurs arising from the extension preparation.

Finally, please note that although our firm will use our best efforts to ensure that your returns are successfully transmitted to the appropriate taxing authorities, we will not be financially responsible for electronic transmission or other errors arising after your returns have been successfully submitted from our office.

By your signature below, you understand and agree that you are responsible for the accuracy and completeness of the records, documents, explanations, and other information provided to us for purposes of this engagement. You have the final responsibility for the income tax returns; therefore, you should

review them carefully before you sign the e-file authorization forms, or sign and submit your income tax returns directly to the appropriate taxing authorities. You agree that our firm is not responsible for a taxing authority's disallowance of deductions or inadequately supported documentation nor for resulting taxes, penalties, and interest.

## **Fees**

Our fees for tax services are based on our fee schedule, which takes into account the forms that we will prepare, the time required to complete the work, and other factors. In general, you will receive a client agreement with the fee stated when we begin the work. You also agree that the engagement to prepare your tax returns ends upon the earlier of the delivery of the tax returns stated above or six months from the signing of the client agreement. If the process of preparing your tax returns becomes protracted or the scope of work is increased, you may be asked for additional fees with a supplementary client agreement if necessary.

We are responsible for preparing only the returns listed above. Our fee does not include responding to inquiries or examination by taxing authorities. However, we are available to represent you. Our fees for such services would be covered under a separate client agreement.

In the event our firm or any of its employees or agents is called as a witness or requested to provide any information whether oral, written, or electronic in any judicial, quasi-judicial, or administrative hearing or trial regarding information or communications that you have provided to this firm, or any documents and work papers prepared by Sullivan & Company, CPAs in accordance with the terms of this agreement, you agree to pay any and all reasonable expenses, including fees and costs for our time at the rates then in effect, as well as any legal or other fees that we incur as a result of such appearance or production of documents.

## **Other Matters**

**Because of the importance of oral and written representations to the effective performance of our services, you release and indemnify our firm and its personnel from any and all claims, liabilities, costs and expenses attributable to any misrepresentation by you and your representatives.**

**Federal law has extended the attorney-client privilege to some, but not all, communications between a client and the client's CPA. The privilege applies only to non-criminal tax matters that are before the IRS or brought by or against the U.S. Government in a federal court. The communications must be made in connection with tax advice. Communications solely concerning the preparation of a tax return will not be privileged.**

**In addition, your confidentiality privilege can be inadvertently waived if you discuss the contents of any privileged communication with a third party, such as a lending institution, a friend, or a business associate. We recommend that you contact us before releasing any privileged information to a third party.**

Sullivan & Company, CPAs owns and provides access to a client portal to permit easy and secure electronic transfer of documents between you and Sullivan & Company, CPAs. The client portal provides short-term client access to documents and work products created by Sullivan & Company, CPAs. The client portal web-based applications are exclusively provided to the firm's clients and intended for their sole use. **As the client portal is not intended for long-term storage of client information, Sullivan & Company, CPAs does not accept responsibility for hosting client information.** Access to the information and documents on the portal is limited to certain periods of

time. Therefore, you have the sole responsibility for downloading the documents from the portal and for ensuring you retain and maintain in your possession all your financial and non-financial information, data, and records. The electronic portal is a method of transferring information and not to be used to store information as we purge the documents from time to time. You also agree to pay an administrative charge for the copies of documents previously transferred to you via portal and any additional documents you need when you no longer use our firm for accounting services.

We may communicate with you or others via email transmission in connection with this engagement. We take reasonable measures to secure your confidential information in our email transmissions. However, as emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered to and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for the interception or unintentional disclosure or communication of email transmissions or for the unauthorized use or failed delivery of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of sales or anticipated profits, or disclosure or communication of confidential or proprietary information.

We may from time to time and depending on the circumstances and nature of the services we are providing, share your confidential information with third-party service providers, some of whom may be cloud-based, but we remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality terms with all service providers to maintain the confidentiality of your information and will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure appropriate confidentiality terms with a third-party service provider, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Although we will use our best efforts to make the sharing of your information with such third parties secure from unauthorized access, no completely secure system for electronic data transfer exists. As such, by your signature below, you understand that the firm makes no warranty, expressed or implied, on the security of electronic data transfers.

In accordance with our current document retention policy, we retain work papers, scanned client documents, and tax returns for completed engagements for five years. After five years, the above information is no longer available. For former clients, we retain client information for six months after the engagement is completed. You agree to contact us before the above periods if you would like any above information retained. If you or a successor CPA firm needs documents from us, you agree receiving them in an electronic PDF format is acceptable. You also hereby agree to pay for any administrative charges or additional time for our team applicable to that.

If any dispute arises among the parties hereto, the parties agree to first try in good faith to settle the dispute before resorting to litigation.

**The IRS requires us as tax preparers to give you one copy of your completed tax return. The one copy that you receive will be in our secure portal. You will receive an email notification that a copy is available to you upon completion of the return. You will communicate to us if you would like an additional paper copy.**

**You understand that we cannot complete your tax returns until we receive a signed copy of this engagement letter and the attached content.**

If the above fairly sets forth your understanding, please sign the letter below and the attached consent form, and return it to us via DocuSign, First Class Mail, or upload it into your electronic mailbox (Portal). You can also fax it to us at (301) 657-9055.

We are pleased to have you as a client and look forward to a long and mutually satisfying relationship.

Very truly yours,

Sullivan & Company, CPAs

BY: Paul Sullivan  
Paul F. Sullivan, CPA

BY: Raj Goenka  
Raj Goenka, CPA

AGREED AND ACCEPTED:



\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Date