Sullivan & Company, CPAs
4709 Montgomery Lane
Bethesda, Maryland 20814
(301) 657-8080

"What the Client Should Expect for Personal Tax Return Preparation"

Please read the following to inform you of our process.

(1) Helpful hints in providing information for personal tax preparation:

a. Collect your source document information and send it/upload it to the portal/meet with us via Teams or in person, whichever you prefer, when you have approximately 85% of the information. We should begin our work when you have most of the data. It is best that we do not have to request information from you over an extended period of time. It is to your benefit that you give us most of the information at the same time.

b. If you provide the information to us electronically, **you should use your electronic mailbox/portal**, which is on our website, rather than emailing documents. **We no longer accept attachments as the security of our computer system and your data can be compromised**. CPA firms are places with confidential data, and we want to keep your data safe. Using your electronic mailbox/portal centralizes the documents in our system and keeps sensitive items like your Social Security number off the internet.

(2) **Tax Interview**. Preparing your individual tax return begins with the "Tax Interview." This tax interview can be completed either in person or over the telephone. It is preferable that it is not completed by email. It is also required that **we speak to the taxpayer/client** so that we receive direct correct information. In this interview, we review the information you have collected for us to prepare your tax return. We use a checklist which reviews all tax and some financial aspects of your situation. We try to make sure we receive all the information needed to prepare a tax return that will give you the lowest tax and best tax. Additionally, we try to make

sure that you have considered all of the financial aspects of your life so that we can make recommendations. After this tax interview, you should know some of the information we still need to complete your return. Also, after we complete the tax interview, we will send you a Client Agreement with a tax preparation fee. There is no obligation on your part until you have signed and returned the Client Agreement.

(3) **Tax Preparation Fees/Client Agreement Form.** When you send us your information, we review it, ask you questions, answer any questions you have, and take you through a tax interview. At that point, we know what it entails to prepare your tax return and the forms needed. From our fee schedule, we estimate the amount and enter the information on our Client Agreement. Our fee schedule consists of a base charge with an additional amount for other forms we need to prepare. We also consider the estimated time to prepare your personal return. We email the Client Agreement to you, which describes the work we will perform and the cost. If you want to proceed, you would sign the Client Agreement and return it to us with payment. If you do not wish to proceed, there is no cost for our work thus far. In other words, we invest a few hours of our time in reviewing the data to come up with the estimate, and you can proceed or not, whichever you decide. The best thing to do now is to send us what you have, and we will follow the above procedure and send you a Client Agreement. If you decide not to use us, there is no cost until you agree with the Client Agreement.

In general, for personal tax return preparation, as stated above, we provide you with an exact fee when we receive your data. **As a general description, you should know that the minimum fee for federal and state tax returns is $1,260. The most common range for tax preparation fees is between $1,260 and $3,000. Some tax returns we prepare are higher than this range. However, as stated above, when we receive your information, we provide you with a Client Agreement with the exact fee.**

Your fee should be paid with the Client Agreement. In general, this tax preparation fee covers any incidental tax or financial questions you have during the year. We have this policy to encourage you to use us as a resource in planning for financial and tax matters. Your tax preparation fee does not cover any amended returns that may be necessary after giving you your completed tax returns.

(4) **Tax Returns.** The general rule for completing your tax returns is 7 to 21 days **after receiving all the information necessary to prepare your tax returns, with all**

questions answered and the Client Agreement returned following the instructions. The 7 to 21 day turn-around time lengthens for those clients who give us their information between March 1 and May 15. The turn-around time also lengthens for the extension due date between September 15 and October 15. To the extent you can, it is recommended that you avoid the busy periods and provide us with information early.

(5) **Filing Your Returns Electronically/Paper**. After completing your returns, we will upload a copy of your returns and the e-file authorization form(s) into your electronic mailbox/portal. If the returns cannot be filed electronically, we will mail the returns to you with instructions for filing. You will receive a phone call from us notifying you that your returns are available for download. After reviewing your returns, you should sign the e-file authorization form(s), which authorizes us to file them electronically, and return the form(s) to us via your electronic mailbox/portal, mail, or fax (301) 657-9055. We will file your returns electronically within two days of receiving your signed authorization form(s). You will receive confirmation from us via mail and through your electronic mailbox/portal that your returns were successfully filed with the government agencies.

(6) **Extensions**. If your returns have not been electronically filed by April 5, we will file extensions for you. If you have not submitted **complete** information to us and our questions answered by March 1, there is an increased likelihood that your tax returns will be extended. We complete approximately 50% of the tax returns where we received information after March 1, and 50% of the clients receive extensions. Complete information includes signed client agreements and engagement letters, following the instructions with those documents. We prefer not to file extensions, but they cannot be avoided in some situations. Rushing to meet the deadline increases the likelihood of errors, which we want to avoid. We encourage you to see us as early in the filing season as is convenient with your schedule. In general, accounting work and tax preparation where tax extensions are filed is a more time-consuming process, and it is taken into account when setting our tax preparation fee. In many cases, the reason for this is that the client extends the information-gathering period over many months. This causes our team members to start and stop while waiting on client information so that the project can continue. Providing answers to questions and information needed as we need it allows us to complete projects smoothly and efficiently.

(7) **Penalties. Penalties and interest are assessed on all tax returns with balances due that are filed after April 15. Even if we file federal and state extensions, you will receive a notice for penalties and interest if your tax return has a balance due and the tax is paid after April 15.** Penalties are assessed for failure to file at 5% per month to a maximum of 25%. Penalties are assessed for paying your taxes late at 1/2 of 1% per month to a maximum of 25%. In addition to these penalties, interest is assessed at approximately 6% per year. If we estimate a tax liability on your returns and your returns will be extended, we will provide you with an estimated tax payment for the estimated balance due to eliminate penalties for not paying your tax liability on time. Please ask us if you are not completely clear on these penalty and interest rules.

(8) **Processing Tax Returns for the Second Time**. In preparing individual tax returns, we conduct a tax interview with you and ask you questions so that we have complete information. We carefully review your information to prepare your tax return correctly with the lowest tax the first time. Sometimes, after completing the tax return, clients find additional information, so we must prepare their return again. This is not a problem as many times it is worthwhile. There is a cost to reprocess a previously prepared return. We ask that you be as complete as possible with your information the first time.

(9) **Tax Preparers**. There are 16 professional accountants in our office, of whom 5 are CPAs. We recognize that it is a benefit to you to have the same tax preparer each year. It is also to your advantage to have more than one individual in our office familiar with your situation. We assign tax returns keeping this in mind. However, in the United States of America, tax returns are due on the same day. To complete tax returns on time, we must utilize our office's CPAs and tax preparers as your data becomes available.

(10) **Tax Advice**. We provide tax advice to our clients for whom we prepare tax returns. When we prepare tax returns for a client, we learn all about their particular situation regarding their finances and tax situation. As a result of going through our tax interview and tax return process, we now know all the facts and circumstances necessary to provide advice. If you are not our tax client and come to us for only tax or financial advice, we generally decline as we feel we are not qualified as we do not know the facts well enough to provide advice. We encourage you, if you would like advice, to go through the tax preparation process with our firm so that we can gain necessary knowledge and the facts and circumstances of your particular situation.

Sullivan & Company, CPAs appreciate the opportunity to serve you. We are available year-round to answer your tax and financial questions and make recommendations regarding your particular situation. To the extent you can follow the above procedures, you will find the tax preparation process smoother. Thank you for reading this memo which will enable us to serve you better.

Please sign below and return this document to our office if you would like to proceed. We will contact you with the next steps.

I have read the above and would like to proceed.

______________________________ ____________________

Signature Date

____

Print Name

Preferred Contact Information

(Spouse/Partner information is required if filing jointly. Indicate N/A if not applicable.)

Email: ______________________________

Phone Number: ________________________

Spouse/Partner Email: _________________________

Spouse/Partner Phone Number: __________________

Additional Notes – Is there anything you would like us to know?