

**2025 1040 Tax Return Annual Engagement Letter**

Date: \_\_\_\_\_ Client Name(s) \_\_\_\_\_

1. Thank you for choosing Rile Tax Service as your tax professional. I am pleased to have you as a client. This letter confirms the services you have asked my firm to perform and the terms under which I have agreed to do that work. Please read this letter carefully because it is important to both my firm and you that you understand what you can and cannot expect from my work. In other words, I want you to know the limitations of the services you have asked us to perform. If you are confused by this letter or believe I have misunderstood what you need, please call me before you sign it. The purpose of this engagement letter is to protect clients from penalties under IRC Section §6707A as well as protect the preparer from preparer penalties.

2. This engagement letter represents the entire agreement regarding the services described herein and supersedes all prior negotiations, proposals, representations or agreements, written or oral, regarding these services. It shall be binding on the heirs, successors and assigns of you and us. The Internal Revenue Service imposes penalties on taxpayers, and on us as return preparers, for failure to observe due care in reporting for income tax returns. In order to ensure an understanding of my mutual responsibilities, I ask all clients for whom I prepare tax returns to confirm the following arrangements. I will prepare the returns from information which you will provide for us. It is your responsibility to provide all the information required for the preparation of complete and accurate returns. I will furnish you with questionnaires and/or worksheets to guide you in gathering the necessary information.

**Tax Preparer Responsibilities**

3. I will prepare your 2025, and only your 2025 Federal and Specific State(s) individual Income Tax Form 1040 and the related Federal and Specific State(s)/Cities individual Form 1040 income tax return schedules from information you furnish us for tax year ended 12/31/25. I will not in any way verify the data you submit although I may ask you to clarify some of the information. I am required to obtain a copy of Form W-2, 1099-R and 1095 before I am allowed to electronically file your return under the rules of IRS Circular 230. I must receive your source documents by March 21<sup>st</sup> to complete your return in a timely manner. Information received after that date may cause your return to be extended and completed after the April 15 due date.

I DO NOT automatically file tax extensions for clients. You must notify us in writing or email if you wish us to file an extension, and the notification should include your estimate of any balance due with the extension. Failure to file an extension may make you subject to various penalties and interest.

Additionally, if your return is extended it does not relieve you from paying any tax due on the due date or making quarterly estimated tax payments for the current year. Failure to pay any tax due to the extension or failure to pay quarterly estimated tax payments may make you subject to various penalties and interest.

You are required to sign form 8879 (the declaration document and signature that authorize for an e-filed return filed by an electronic return originator) for both your Federal and State return. Your tax return will not be e-filed if both form 8879 (Federal & State) are not signed. For any reason, after you approve my firm to e-file your return, but you have not paid your invoice, to the extent permitted by state law, an interest charge of 1% per month may be added to all invoices not paid within thirty (30) days. Additionally, invoices unpaid after 30 days will have any applied discounts removed and the full gross amount will be due and payable.

4. I am responsible for preparing only the specific individual income tax forms for the specified Federal and state individual tax agencies listed in number 3, above. Any other requested services, forms or other actions on my part require a separate written, signed engagement letter. In the absence of written communications from us documenting such services, my services will be limited to and governed by the terms of this engagement letter. My services are not intended to determine whether you have filing requirements other than the one(s) which you have requested in paragraph 3 above.

Your source records will be returned to you no later than thirty (30) days after the end of the tax season (May 15<sup>th</sup>). This will include one copy of your return for your files. Copies of your return at any other time will be charged \$25 for each request. You will receive an email copy of your return within five (5) business days from when your returns were accepted. You should securely store these records, along with all supporting documents, canceled checks, etc., as these items may later be needed to prove accuracy and completeness of a return. I will retain copies of your records and my work papers for your engagement for a minimum of three (3) years, after which these documents will be destroyed. Records must be retained for up to seven (7) years for specific circumstances.

### **Taxpayer Responsibilities**

5. Please note that any person or entity subject to the jurisdiction of the United States (includes individuals, corporations, partnerships, trusts, and estates) having a financial interest in, or signature or other authority over, bank accounts, securities, or other financial accounts having an aggregate value exceeding \$10,000 in a foreign country, shall report such a relationship. Although there are some limited exceptions, filing requirements 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). Failure to disclose the required information to the U.S. Department of the Treasury may result in substantial civil and/or criminal penalties. Such disclosure includes filing Form 8938 with this Form 1040. If you do not provide my firm with information regarding any interest you may have in a foreign account, I will not be able to prepare any of the required Income Tax related forms, and penalties may be due, for which I have no responsibility. In the absence of such information being provided I will presume you do not have any foreign assets or financial interests and will not file any applicable disclosure forms without separate written authorization.

6. If you and/or your entity have a financial interest in any foreign accounts, you may also be responsible for filing Form FinCen 114 required by the U.S. Department of the Treasury on or before April 15th of each tax year. US citizens are required to report worldwide income on their US tax return.

7. In addition, currently the Internal Revenue Service, under IRC §6038 and §6046, requires information reporting if you are an officer, director or shareholder with respect to certain foreign corporations, foreign-owned U.S. corporation or foreign corporation engaged in a U.S. trade or business or U.S. transferor of property to a foreign corporation. Additionally, recent Form 1040 changes require that you report any activity you may have in cryptocurrency including mining, sale, barter, etc. By your signature below, you accept responsibility for informing us if you believe that you fall into one of the above reporting categories and you agree to provide us with the information necessary to prepare the appropriate forms. I assume no liability for penalties associated with the failure to file or untimely filing of any of these forms.

8. You acknowledge that you have reported all 2025 income you received including barter, crypto-currency, consumer-to-consumer activity, cash-based revenues and all other income whether received in-person, in-

kind, or electronically. You also confirm that you have or will timely file any applicable required Forms W-2 and W-3 with the Social Security Administration and IRS for business employees or home-workers.

9. *Business Owners:* When a self-employed taxpayer reduces taxable income through tax deductions there is also a reduction in earned income reported to the Social Security Administration, which could reduce current and future benefits for the taxpayer and his or her dependents. You acknowledge and agree to the current tax reduction and also acknowledge and agree to the potential negative effects on future social security benefits for you, your spouse and any dependents. Additionally, new state laws regarding the collection of sales tax by online sellers and may require separate registration, collection, filing and payment with many states at very low activity levels. I was not engaged to, nor did I, determine whether individual state sales tax rules apply to your business. Determination of whether an individual state's sales tax rules apply to your activity is your responsibility unless I have a SEPARATE written engagement letter acknowledging my responsibility to determine or apply sales tax rules for an individual state. Failure to register and file with an appropriate state may expose you to severe penalties.

10. Privacy laws established by the IRS prohibit us from providing confidential information or copies to anyone other than you without your specific, written authorization. To comply with these regulations, I provide all copies of all returns to you in a secure web portal as discussed below. In the interest of maintaining service quality and timeliness, I may use a 3<sup>rd</sup> party service provider to assist us in the use of technology to facilitate compliance with disclosure and storage of your tax information. I and the 3<sup>rd</sup> party provider have established written procedures and controls designed to protect client confidentiality and maintain data security.

11. If I were asked to disclose any privileged communication, unless I are required to disclose communication by law, I will not provide such disclosure until you have had an opportunity to argue that the communication is privileged. You agree to pay any and all reasonable expenses that I incur, including legal fees, that are a result of attempts to protect any communication as 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. I recommend that you contact us before releasing information to a third party.

12. In the interest of facilitating my services to you, I utilize a secure web portal. While I will use my best efforts to keep communications secure in accordance with my obligations under applicable laws and professional standards, you recognize and accept that I have no control over the unauthorized interception of these communications once they have been sent and consent to my use of these devices.

13. From time to time during my relationship, you may seek my advice with regard to potential investments. I am not an investment advisor. Accordingly, I suggest that you seek the advice of qualified investment advisors appropriate to each investment being considered. I do not and will not advise you regarding the economic viability or consequences of an investment or whether you should or should not make a particular investment.

### **Fees/Payment Policy**

14. My fee is \$\_\_\_\_\_ to prepare your tax return. This fee includes preparing your Federal 1040 and if needed; both Schedule A and Schedule B as well as preparing your State Return. I will e-file both your Federal and State Return. A printed client copy of your return will be provided to you with your source

documents no later than May 15<sup>th</sup> (for returns e-filed on April 15<sup>th</sup>) and an email of your client copy return will be emailed within five (5) business days of the acceptance of your return.

Additional fees will be applied if your return requires:

- Federal forms such as Schedule (C, D, or E) if it is required to complete your Federal return or other Federal forms such as form 3115 (change in accounting method).
- Either a late season return request or if you fail to provide all required source documents by March 21<sup>st</sup>. This fee will only apply if you require, and I agree to process your return by April 15<sup>th</sup>.
- To file an extension. This fee can be applied to your tax return if I am provided with the required source documents no later than September 15<sup>th</sup> or thirty (30) days prior to the extension deadline (October 15<sup>th</sup>) during the same filing season. My return fee will not apply to file an extension,
- An hour charge may apply for time that is required to input a large amount of tax forms such as W2-G and Charitable Donations. All fees will be discussed in a case-by-case situation.

## **Audits**

15. Your return may be selected for review by the taxing authorities. In the event of an audit, you may be requested to produce documents, records or other evidence to substantiate the items of income and deductions shown on a tax return. Any proposed adjustment by the examine agent is subject to certain right of appeal. I am a tax preparer and not authorized to represent you with the taxing authorities. I will be happy to refer you to an Enrolled Agent that can assist you.

16. If I elect to terminate my service for nonpayment, my engagement will be deemed to have been completed upon written notification of termination, even if I have not completed the tax return. You will be obligated to compensate me for all time spent and to reimburse me for all out-of-pocket expenditures through the date of termination.

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

18. In the event of a dispute over any matter concerning the engagement (including payment of my fees and costs) which results in arbitration or litigation, it is agreed the prevailing party shall be awarded reasonable attorney fees, expenses and cost incurred after the earlier of the filing of litigation or demand for arbitration.

19. Notwithstanding anything contained herein, both the accountant and client agree that regardless of where the client is domiciled and regardless of where this Agreement is physically signed, this Agreement shall have been deemed to have been entered into an Accountant's office located in Palm Springs, California USA, and Palm Springs, California, USA, shall be the exclusive jurisdiction for resolving disputes related to this Agreement. This Agreement shall be interpreted and governed in accordance with the Laws of California.

20. In connection with this engagement, I may communicate with you or others via email transmission. 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, I cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, I specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that I 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 damage, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

21. My engagement to prepare your tax returns will conclude with the delivery of your return. To affirm that this letter correctly summarizes your understanding of the arrangements for this work, please date and sign this engagement letter to acknowledge your agreement with and acceptance of your responsibilities and the terms of this engagement. It is my policy to initiate services after I receive the executed engagement letter. If any provision of this agreement is declared invalid or unenforceable, no other provision of this agreement is affected, and all other provisions remain in full force and effect.

\_\_\_\_\_ (Client Signature) \_\_\_\_\_ (Date)

\_\_\_\_\_ (Client Signature) \_\_\_\_\_ (Date)

I (We) have read the above terms of the engagement letter and agree with the terms of this engagement.

\_\_\_\_\_ (Preparer Signature) \_\_\_\_\_ (Date)