

# 2013 Individual Tax Return Preparation Engagement Letter

Valued Client:

Thank you for choosing First State CPAs to assist you with your 2013 taxes. We sincerely appreciate your business. This letter is to inform you of what services we can provide to you, what responsibilities you have, and what responsibilities we have.

We will prepare your 2013 federal income tax return, and income tax returns for the state and local taxing authorities in which you deemed yourself a resident in 2013. This engagement pertains only to the 2013 tax year, and our responsibilities do not include preparation of any other tax return years. You are responsible for informing our firm of any additional states and local municipalities in which you may have taxable activity and for ensuring that we have prepared the returns.

We are trained to prepare taxes and held accountable for our judgment in tax matters. However, the law clearly holds **you** accountable for the accuracy of your return. It should be obvious that we cannot act upon information that we do not have. Therefore, we will prepare your tax return(s) based on the information you provide us without audit (i.e., validation of the information). You have the final responsibility for your income tax returns and, therefore, should review it carefully. Accordingly, our engagement cannot be relied upon to disclose errors, fraud, or other illegal acts that may exist.

With your permission, we can obtain certain information from external sources to assist in the completion of your return.

Yes, First State CPAs LLC may obtain information from external sources  
(*this is the default if neither chosen*)

No, I/we (the client) will provide documentation from external sources

Your returns may be selected for review by the taxing authorities or you may receive a notice requesting a response to certain issues on your tax return. In the event of such examination or inquiry, we will be available upon request to represent you or respond to such inquiry. At that time, we will provide you a subsequent engagement letter that clarifies these services and the related fees. **These services are not included as a part of the cost of return preparation.** The law provides various penalties that may be imposed when taxpayers understate their tax liability. You acknowledge that any such understated tax and related penalty/interest are your responsibility, and that we have no responsibility in that regard.

The timeliness of your cooperation is essential to our ability to complete this engagement. Specifically, we must receive all information from which to prepare the returns by **March 22, 2014** or it may be necessary to pursue extensions of the due date of your returns. *Note: an extension allows additional time to complete and file your return, but it does not allow for an extension of paying any tax due.* Various penalties and interest are imposed when taxpayers fail to pay the full amount of taxes owed by the filing due date. You acknowledge that any such penalties and interest that arise due to the under-estimation of current year taxes owed or subsequent year tax estimates remitted are your responsibility, and that we have no responsibility in that regard.

## First State CPAs LLC

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Federal Individual Income Tax Returns are due April 15, 2014. Delaware Individual Income Tax Returns are due April 30, 2014. Other States' Income Tax Returns due dates vary.

We will use professional judgment in resolving questions where the tax law is unclear, or where there may be conflicts between the taxing authorities' interpretations of the law. In those instances, we will discuss with you the reasonable alternative courses of action, including the risks and consequences of each such alternative. We will adopt the alternative that **you select** after having considered the information provided by us. We are forbidden from signing a tax return unless we have a reasonable belief that there is substantial authority or reasonable basis for the tax position taken and we must disclose this tax position on a separate attachment to the tax return.

If the income tax returns we are to prepare in connection with this engagement are joint returns, and because you will each sign those returns, then each of you is our client. You each acknowledge that there is no expectation of privacy from the other concerning our services in connection with this engagement, and we are at liberty to share with either of you, without the prior consent of the other, any and all documents and other information concerning preparation of your returns.

Our fees for this engagement are not contingent on the results of our service. Rather, our fees for this engagement will be based on a number of factors, including, but not limited to the time spent and the complexity of the services we perform. Our fees and costs will be *due upon completion of the return and are payable upon receipt*. Invoices unpaid 30 days past the billing date may be deemed delinquent, and are subject to an interest charge of 1% per month. *You agree to reimburse us should we incur costs to collect your past due balance.*

If we receive a completed client questionnaire and/or supporting documentation, we will deem this as evidence of your acceptance of all of the terms set forth above and we will begin with the tax return preparation process. However, a signed copy of this engagement letter must be on file before we will be able to release a completed and signed tax return.

We will be pleased to discuss this letter with you at your convenience. We look forward to providing our services to you and trust this will be the continuation of a long and congenial association.

Very truly yours,

*FIRST STATE CPAs LLC*

**ACCEPTED AND AGREED:**

\_\_\_\_\_  
Taxpayer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Spouse (if applicable)

\_\_\_\_\_  
Date