

**2023 INDIVIDUAL TAX RETURN COMPLIANCE ENGAGEMENT LETTER
(Form 1040 and Applicable Schedules)**

January 2024

Dear Client:

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. In order to ensure an understanding of our mutual responsibilities, we require all clients for whom returns are prepared to confirm the following arrangements.

We will prepare your 2023 federal and requested state income tax returns from information which you will furnish 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. We may furnish you with questionnaires and/or worksheets to guide you in gathering the necessary information. Your use of such forms will assist in preparing a complete and accurate tax return.

It is your responsibility to provide all the information required for the preparation of complete and accurate returns. You should retain all the documents, canceled checks and other data that form the basis of income and deductions. These may be necessary to prove the accuracy and completeness of the returns to a taxing authority. You have the final responsibility for the income tax returns and, therefore, you should review them carefully before you sign them.

We are required to electronically file (e-file) all tax returns. While we are required to e-file all returns, you do have the right to “opt out” of federal e-filing by notifying us in writing of your desire to opt-out. If you opt-out of e-filing, you are responsible for paper filing your tax return(s). Please note that most states also allow you to opt out of e-filing. Some states, including New York, do **not** allow you to opt out of e-filing if you are using a paid preparer. We will use *SafeSend Returns* to electronically deliver your tax return unless you contact our office to request an alternate delivery method. *SafeSend Returns* provides a safe, secure, and efficient method to electronically deliver tax returns, and allows taxpayers to electronically sign returns, as accepted and permitted by the IRS. (We will continue to send paper copies by U.S. mail to clients who are unable to utilize electronic delivery.)

Our services are not intended to determine whether you have filing requirements in other taxing jurisdictions than the one(s) you have informed us of. Our firm is available under the terms of a separate engagement letter to provide a nexus study that will enable us to determine whether any other state tax filings are required.

Health Insurance mandate:

If your home state had a health insurance coverage mandate for 2023 (i.e., CA, DC, MA, NJ, RI, VT), we will assume you and, if applicable, your spouse and dependent children were covered by health insurance for the entire year, and you are compliant with full year minimum essential coverage (MEC), unless you inform us otherwise. In addition, we will assume that you have not received any Advance Payments of the Premium Tax Credit (APTC), and are not required to file Form 8962 (Premium Tax Credit). If you did not have full year coverage if required by your home state, or if you received APTC, you must provide us with the details (i.e., the number of months you were covered and the name of insurance company, Form 1095-A, or that you had no coverage).



Digital Assets:

You may be required to disclose ownership of, or transactions in, digital assets (such as Bitcoin and other cryptocurrency, etc.). The IRS considers digital assets property for U.S. federal income tax purposes. As such, any transactions in, or transactions that use, digital assets are subject to the same general tax principles that apply to other property transactions. Unless you send us information concerning digital assets activity, we will assume you had none. If you had digital assets activity during the tax year, you may be subject to the tax consequences associated with such transactions and may have additional reporting obligations. You agree to provide us with complete and accurate information regarding any transactions in, or transactions that have used, digital assets during the applicable tax year.

FinCEN Form 114 (FBAR):

Please note that any person or entity subject to the jurisdiction of the United States having a financial interest in, or signature or other authority over, bank accounts, securities, or other financial accounts having a combined value exceeding \$10,000 in a foreign country at any time during the year 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). For example, a corporate-owned foreign account would require filings by the corporation *and* by the individual corporate officers with signature authority.

Failure to file an FBAR when required, or to fully and accurately disclose all information requested in the report, may result in the imposition of civil or criminal penalties, and interest charges on unpaid penalties. If you have income earned on your accounts outside of the United States, additional penalty and interest charges can be assessed by the IRS and other tax authorities on such income if it is not reported on your income tax returns. These penalties and related interest charges may be significant. You will be responsible for the payment of any additional tax, penalties, and interest charges imposed by tax authorities.

If you and/or your entity have a financial interest in any foreign accounts, you are responsible for providing our firm with all the information necessary to prepare FinCEN Form 114 required by the U.S. Department of the Treasury before the filing deadline of your return. If you do not provide our firm with information on financial interests in foreign accounts, we will assume you do not have any financial interests in foreign accounts.

Foreign Assets & Foreign Ownership:

You are responsible for informing us of all foreign assets owned directly or indirectly, including but not limited to financial accounts with foreign institutions (as noted above), other foreign non-account investments, and ownership of any foreign entities, regardless of amount. Based on the information you provide, you may be required to file Foreign Informational Reports, either within your individual tax returns or separately. The foreign reporting requirements are very complex. If they are required and you decline to provide the necessary information or you prefer not to file the forms, we may no longer be able to proceed with the engagement.

Corporate Transparency Act Beneficial Ownership Information Disclosures:

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”). Management is responsible for the entity’s compliance with the CTA, if applicable to its business, and for ensuring that any required reporting of beneficial ownership information is timely filed with FinCEN as required by the CTA. Our firm’s services under the terms of this agreement do NOT include any advising or consulting related to your entity’s compliance with the CTA. If you have any questions regarding compliance with the CTA, including but not limited to whether an exemption may apply to your organization or to ascertain whether relationships constitute beneficial ownership under CTA rules,



please contact us. Any CTA-related services we agree to perform will be covered under a separate engagement letter.

It is agreed that regardless of where you reside or where this Agreement is physically signed, this Agreement shall be interpreted and governed in accordance with the laws of New Jersey without regard to its conflict of laws principles and all disputes arising under this Agreement shall be resolved in the federal or state courts in Bergen County, New Jersey.

You represent that the information you are supplying to us is accurate and complete to the best of your knowledge and that you have disclosed to us all relevant facts affecting the returns. We will not verify the information you give us; however, we may ask for additional clarification of some information.

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. We may request your permission or you may have previously authorized us to use a third-party service provider for assistance in providing accounting and tax services. At no time will we use the services of a third-party service provider without your written authorization. Any third-party service provider we use in the process of preparing your tax return adheres to our privacy standards. If you wish, you may request a copy of our privacy statement.

In connection with this engagement, we 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, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we 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 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 revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

We will use professional judgement in resolving questions where the tax law is unclear, or where there may be conflicts between the taxing authorities' interpretations of the law and other supportable positions.

Unless otherwise instructed by you, we will resolve such questions in your favor whenever possible. The law provides various penalties that may be imposed when taxpayers understate their tax liability. If you would like information on the amount or the circumstances of these penalties, please contact us.

Your returns may be selected for review by the taxing authorities. 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 request a separate engagement letter for services to be rendered and will render additional invoices for the time and expenses incurred.

Unless you have separately engaged us to prepare other tax or information returns, you will be responsible for the preparation of these returns. In addition, if you receive tax correspondence from taxing authorities during the year, we will be pleased to assist you with it; however, we will bill you at our standard hourly rates.

Our fee for these services will be based upon the amount of time required at standard billing rates plus out-of-pocket expenses. All invoices are due and payable upon presentation.

All costs incurred by our firm in collecting any amounts due from you are your responsibility.



If the foregoing fairly sets forth your understanding, please sign the enclosed letter in the space indicated and return it to our office.

If there are other tax returns you would like us to prepare, such as gift and/or property, please inform us by noting so in writing at the end of this letter. We will confirm this/these engagements in a separate agreement.

We want to express our appreciation for this opportunity to work with you.

Very truly yours,

CFG CPA, LLP

Accepted by:

Signature _____

Print Name _____

Date _____

