

1040 INCOME TAX RETURN ENGAGEMENT LETTER & PRIVACY NOTIFICATION



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This engagement letter confirms the services you have asked our firm to perform and the terms under which we have agreed to prepare your _____ Federal and/or _____ State Income Tax Return(s) and those of your minor children. The IRS imposes penalties on taxpayers and tax return preparers for failure to observe due diligence while preparing Federal Income Tax returns. It is imperative to ensure that all parties understand their respective responsibilities. Please read this letter carefully and in its entirety, and ask questions if you need clarification.

SERVICE FEE

To calculate your IRS refund or liability your tax preparer must manually enter all of your information into our tax software and conduct a full interview to determine the optimal method for handling your tax return. This process requires the preparer to complete all the work necessary to file your return. If you are not satisfied with the results and choose not to have our office file your return, you will be charged a \$50 service fee or 25% of the invoice, whichever is greater, for the work performed.

TAXPAYER RESPONSIBILITIES

It is your responsibility to maintain all necessary documentation to support the data used in preparing your tax return(s). This includes, but is not limited to, auto mileage, travel, entertainment, moving and related expenses, and the required documents to support charitable contributions. If you have any questions as to the type of records required, please ask. Due to the stringent nature of the new Internal Revenue Service regulations for tax preparers, we now require that you provide us with mileage logs before any mileage will be entered on a tax return. It is also your responsibility to provide us with all 3rd party information required to prepare your tax return(s). This includes, but is not limited to K-1's, 1099's, 1098's, receipts and similar items. You understand that the tax preparer will generally rely, without further verification, upon this information. Lastly, you agree and understand that it is ultimately your responsibility to carefully examine and approve your completed tax return(s) before it(they) are submitted to the IRS.

SELF-EMPLOYMENT AND SOCIAL SECURITY

When a self-employed taxpayer reduces taxable income through expenses, 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 the potential negative effects on future social security benefits for you, your spouse, and any dependents.

FOREIGN INCOME, ASSETS, AND INTERESTS (can include Off-Shore Time-Shares)

Because the new regulations for reporting foreign income, assets and interests are so complex, we are providing our clients with a separate explanation of them. Please signify your assent to the following by initialing each item; we will not prepare your tax returns without your initials on these items:

- I/We have been provided with a copy of the Foreign Income, Assets, and Interests Statement
- I/We hereby attest that if there is any possibility that we possess or have some form of interest in or power of attorney over any foreign income source, whether in my/our name or not, that I/we will discuss the item with our tax preparer.
- I/We accept that the responsibility for informing the tax preparer that I/we may have foreign income, assets, or interests is mine/ours alone.
- I/We understand that Alaska Tax Service will assume no liability for penalties associated with the failure to file or untimely file any tax forms related to the reporting of foreign income, assets, and interests including, but not limited to, TD-F 90-22.1, 8938, 5471, 2555, and 3520.

ALASKA TAX SERVICE RESPONSIBILITIES

We will prepare your tax return(s) specified in this letter along with all of the appropriate forms and schedules based on the information you provide us. This will apply to auto, travel, entertainment, home-office and other related expense deductions taken on, but not limited to, Schedules A, C, D, and E. We are not responsible for the disallowance of doubtful deductions or inadequately supported documentation, nor for resulting taxes, penalties, and interest.



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PROFESSIONAL JUDGMENT

We will use our professional judgment in preparing your tax returns. 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 explain the possible positions that may be taken on your tax return. We will adopt whatever position you request on your return as long as it is consistent with the codes, regulations, and interpretations that have been promulgated. If the Internal Revenue Service should later contest the position taken, there may be an assessment of additional tax plus interest and penalties. We assume no liability for any such additional penalties or assessments.

COMMUNICATIONS

In the interest of facilitating our services, communication via facsimile transmission or electronic mail over the Internet may be necessary. These communications may include confidential information. By signing this document, you are authorizing the use of these devices during this engagement. You further acknowledge and agree that e-mail communication might not be completely confidential, and you assume all risks that the medium may present, including but not limited to, hacking, electronic interruption, or interception by persons known or unknown.

RELEASE OF INFORMATION

New privacy laws were established by the IRS effective January 1, 2009. We are prohibited from providing confidential information or copies to anyone other than you without specific, written authorization. You will need to complete our 3rd party release form before we can process your request.

RECORDS

It is our policy to keep records related to this engagement for three years, after which they will be destroyed. All original documentation will be returned to you at the completion of the services rendered under this engagement. It is your responsibility to retain and protect your records for possible future use, including potential examination by any government or regulatory agencies.

PAYMENT

Payment is expected upon completion of your return(s). We accept Visa, MasterCard, debit cards, cash, and checks. Checks that are returned for insufficient funds will be assessed an additional fee of \$30.00. Unpaid accounts will be considered delinquent after thirty (30) days and will be charged a late fee of \$10.00 per month until the account is paid in full. Additional copies of tax returns are \$10.00 per copy.

ADDITIONAL SERVICES

You may request that we perform additional services not contemplated by this engagement letter, such as responding to inquiries or examination by taxing authorities. We will communicate with you regarding the scope and estimated cost of these services. Engagements for additional services will require an amendment to this letter or a separate letter to reflect the obligations of both parties.

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

X Taxpayer _____ Date _____

Spouse (if married) _____ Date _____

We appreciate the opportunity to serve you. Please date and sign this letter to acknowledge your agreement with and acceptance of your responsibilities and the terms of this engagement.