



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 request all clients for whom we prepare income tax returns to confirm the following arrangements:**

We will prepare your federal and requested state individual income tax returns for calendar year 2011. We will provide questionnaires to guide you in organizing the information we need to prepare your tax returns. It is your responsibility to provide us with all the information necessary for the preparation of complete and accurate income tax returns. We will not verify the information you give us; however, we may ask for additional clarification of some information. **You have the final responsibility for the income tax returns and, therefore, you should review them carefully before you sign them.** You should retain all 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.

Your returns are subject to examination by taxing authorities. In the event of an audit, the taxing authorities may request you produce documents, records, or other evidence to substantiate the items of income and deduction shown on a tax return. If an examination occurs, we will represent you if you desire; however, these additional services are not included in our fee for preparation of your returns. Billing for such services will be at our standard rates.

It is important you know the law imposes a penalty if a taxpayer makes a substantial understatement of tax liability. We are available at your request to advise you on other tax matters that arise during the year. Our policy is to put significant tax planning advice in writing. Therefore, you should not rely on any unwritten advice because it may be tentative and not yet fully reviewed.

Certain communications involving tax advice between you and our firm may be privileged and not subject to disclosure to the IRS. By disclosing the contents of those communications to anyone or by turning over information about those communications to the government, you may be waiving this privilege. To protect your right to privileged communication between yourself and our firm, please consult with us or your attorney prior to disclosing any information about our tax advice.

If, during our work, we discover information affecting your prior year tax returns, we will make you aware of the facts. However, we cannot be responsible for identifying all items that may affect prior year returns. If you become aware of such information during the year, please contact us to discuss the best resolution of the issue.



We may communicate by facsimile or electronic mail. Such communications may include confidential information. We employ measures designed to provide reasonable assurance that data security is maintained. While we will use our best efforts to keep such communications secure, you recognize and accept we have no control over the unauthorized interception of these communications once they have been sent. Unless you issue specific instructions to do otherwise, we will assume you consent to our use of facsimile transmissions to your representatives and other use of these electronic devices as we deem appropriate.

Professional standards now require us to electronically file all federal and state individual income tax returns. Please note that although e-filing will require both you and our firm to complete additional steps, the same filing deadlines will apply. You must therefore ensure that you complete the additional requirements well before the due dates in order for our firm to be able to timely transmit your return. Our firm must transmit your return to the taxing authorities (rather than you). We will provide you with a paper copy of the income tax returns for your review prior to electronic transmission. After you have reviewed the returns, you must provide us with a signed authorization indicating that you have reviewed the return and that, to the best of your knowledge, you feel it is correct. We cannot transmit the returns to the taxing authorities until we have the signed authorization. Therefore, if you have not provided our firm with your signed authorization by April 15th we will place your return on extension, even though it might already have been completed. In that event, you will be responsible for ensuring that any payment due with the extension is timely sent to the appropriate taxing authorities. You will also be responsible for any additional costs our firm incurs arising from the extension preparation. However, you do have the right to “opt out” of the e-filing program if you so choose by completing and signing a federal opt out statement. The form is available upon request and must be completed, signed, and returned to us before we can complete your return.

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 a 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). For example, a corporate-owned foreign account would require filings by the corporation *and* by the individual corporate officers with signature authority. Failure to disclose the required information to the U.S. Department of the Treasury may result in substantial civil and/or criminal penalties.

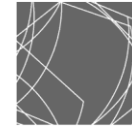
If you and/or your entity have a financial interest in any foreign accounts, you are responsible for providing our firm with all the information necessary to prepare Form TD-F-90-22.1 required by the U.S. Department of the Treasury on or before June 30th of

34518 5<sup>th</sup> Place SW Federal Way, WA 98023

ph: 253.831.5009 fax: 206.577.5322

email: [taxinfo@brianberlage.com](mailto:taxinfo@brianberlage.com) | [www.brianberlage.com](http://www.brianberlage.com)

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each tax year. If you do not provide our firm with information regarding any interest you may have in a foreign account, we will not be able to prepare any of the required disclosure statements.

Beginning in 2011 you may be required to file a Form 8938 (Statement of Specified Foreign Financial Assets) if you have specific types and amounts of foreign financial assets or foreign accounts. Individuals who may have to file Form 8938 are U.S. citizens and residents, nonresidents who elect to file a joint income tax return and certain nonresidents who live in a U.S. territory. Form 8938 is required when the total value of specified foreign assets exceeds certain thresholds. For example, a married couple living in the U.S. and filing a joint tax return would not file Form 8938 unless their total specified foreign assets exceed \$100,000 on the last day of the tax year or more than \$150,000 at any time during the tax year. The new Form 8938 filing requirement does not replace or otherwise affect a taxpayer's obligation to file an FBAR (Report of Foreign Bank and Financial Accounts). It is important for taxpayers to determine whether they are subject to this new requirement because the law imposes significant penalties for failing to comply. If you do not provide our firm with information regarding any interest you may have in a foreign asset, we assume no liability for penalties associated with the failure to file or the untimely filing of the form.

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 (Form 5471); foreign-owned U.S. corporation or foreign corporation engaged in a U.S. trade or business (Form 5472); and U.S. transferor of property to a foreign corporation (Form 926). These code sections describe the information required to be reported on the respective forms, which are due when your income tax return is due, including extensions. Therefore, if you fall into one of the above categories you may be required to file one of the above listed forms. Failure to timely file may result in substantial monetary penalties. By your signature below, you accept responsibility for informing us if you believe that you fall into one of the above categories and you agree to provide us with the information necessary to prepare the appropriate form(s). We assume no liability for penalties associated with the failure to file or untimely filing of any of these forms.

The fees for tax services will reflect our standard hourly rates for the time spent, plus out-of-pocket expenses. All invoices are due upon receipt. Balances owing for over 30 days are subject to 1.5% interest per month.

It is our policy to prepare client tax returns in the order in which they were received. We attempt to complete the return within approximately two weeks of receiving all the relevant information. However, if we receive your information after March 23<sup>th</sup>, we cannot promise we will have the return finished by April 17<sup>th</sup>. Because of the greater likelihood of error when work is completed in a hurry, returns that are substantially

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incomplete as of March 23<sup>th</sup> will be extended. Extensions are relatively automatic and can be prepared by us.

An extension permits a later filing of the return but **does not extend the time for paying any tax due**. We will still need to estimate the amount of tax owed and have you pay it with the extension. If you are required to make estimated payments, the April 17<sup>th</sup> installment would also have to be made. Normally that first estimated payment for 2012 would be added to the tax still owed for 2011 and would be paid with the extension.

At the conclusion of this engagement, we will return any original records you supplied to us. Your records comprise the primary backup and support for your tax returns. Our policy is to destroy our annual tax return engagement files and all pertinent working papers after a retention period of seven years (or longer, if required by law or regulation), after which time these items will no longer be available. Catastrophic events or physical deterioration may result in our firm's records being unavailable before the expiration of the above retention period. We retain the right to modify our retention policies at any time without notice.

If the tax services and terms outlined above are in accordance with your understanding of our engagement, please sign this letter in the space provided and return it with the completed organizer. We appreciate this opportunity to serve you. If you have any questions or need any additional information, please do not hesitate to call.

Sincerely,

Brian Berlage, CPA

The foregoing is in accordance with my understanding of your engagement to provide tax services. The terms described in this letter are acceptable and are hereby agreed to.

**AGREED TO AND ACCEPTED:**

Accepted by: \_\_\_\_\_ Date: \_\_\_\_\_

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