



### **Tax Return Preparation Agreement – Individual**

Mangold Anker Phillips, PLLC is pleased to provide you with the professional services described below. This letter and any other attachments incorporated herein (collectively, “Agreement”), confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the services we will provide. The engagement between you and our firm will be governed by the terms of this Agreement.

#### **Engagement Objective and Scope**

We will prepare the following federal and state tax returns for the year ended December 31, 2020.

Form 1040 – U.S. Individual

We will not prepare any tax returns except those identified above, without your written request, and our written consent to do so. We will prepare your tax returns based upon information and representations that you provide to us. We have not been engaged to and will not prepare financial statements. We will not audit or otherwise verify the data you submit to us, although we may ask you to clarify certain information.

We will prepare the above-referenced tax returns solely for filing with the Internal Revenue Service (“IRS”) and state and local tax authorities as identified above. Our work is not intended to benefit or influence any third party, either to obtain credit or for any other purpose.

You agree to indemnify and hold us harmless with respect to any and all claims arising from the use of the tax returns for any purpose other than filing with the IRS and state and local tax authorities regardless of the nature of the claim, including the negligence of any party.

Our engagement does not include any procedures designed to detect errors, fraud, or theft. Therefore, our engagement cannot be relied upon to disclose such matters.

This engagement is limited to the professional services outlined above.



### **CPA Firm Responsibilities**

Unless otherwise noted, we will perform our services in accordance with the Statements on Standards for Tax Services (“SSTS”) issued by the American Institute of Certified Public Accountants (“AICPA”) and U.S. Treasury Department Circular 230 (“Circular 230”). It is our duty to perform services with the same standard of care that a reasonable income tax preparer would exercise in this type of engagement. It is your responsibility to safeguard your assets and maintain accurate records pertaining to transactions. We will not hold your property in trust for you, or otherwise accept fiduciary duties in the performance of the engagement.

We will prepare your tax returns based upon your filing status (single, married filing jointly, married filing separately, head of household or qualifying widow[er] with dependent child) as reflected in your income tax returns for last year. If your filing status has changed, you wish to change your filing status, or you have questions about your filing status, please contact us immediately.

### **Confidentiality**

If the tax returns prepared in connection with this engagement are filed using the married filing jointly filing status, both spouses are deemed to be clients of the firm under the terms of this Agreement. Both individuals acknowledge that there is no expectation of privacy from the other concerning our services in connection with this Agreement. We are at liberty to share with either of you, without prior consent of the other, documents and other information concerning the preparation of your tax returns.

### **Bookkeeping assistance**

We may deem it necessary to provide you with accounting and bookkeeping assistance solely for the purpose of preparing the tax returns. These services will be performed solely in accordance with the AICPA Code of Professional Conduct. We will request your approval in writing before rendering these services. Additional charges will apply for such services.

### **Estimated tax payments**

You may be required to make quarterly estimated tax payments. We will calculate these payments for the 2021 tax year based upon the information you provide to prepare your 2020 tax returns and have no obligation to update recommended payments after the engagement is completed. If you ask us to update your estimated tax payments, we will confirm this update in a separate engagement letter.

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### **Tax planning services**

Our engagement does not include tax planning services. During the course of preparing the tax returns identified above, we may bring to your attention potential tax savings strategies for you to consider as a possible means of reducing your taxes in subsequent tax years. However, we have no responsibility to do so, and will take no action with respect to such recommendations, as the responsibility for implementation remains with you, the taxpayer. If you ask us to provide tax planning services, we will confirm this representation in a separate engagement letter.

### **Government inquiries**

This engagement does not include responding to inquiries by any governmental agency or tax authority. If your tax return is selected for examination or audit, you may request our assistance in responding to such an inquiry. If you ask us to represent you, we will confirm this representation in a separate engagement letter.

### **Third-party verification requests**

We will not respond to any request from banks, mortgage brokers or others for verification of any information reported on these tax returns.

### **Divorce**

If you inform us of your pending divorce, we will advise each of you to seek independent tax advice. As you may have conflicting interests you will both be required to sign a conflict of interest waiver. We will not be able to advise either of you until your divorce is finalized. For example, your income tax return filing status is an item about which we will need instruction. Electing a filing status of married filing jointly establishes joint liability for taxes owed and requires that certain tax-related decisions be made prior to the preparation of income tax returns. Consequently, we will require a letter of instruction from both of your divorce attorneys identifying items needed to prepare your tax return and your agreement to same before the tax returns can be prepared. In the event you elect to file separate tax returns, you will both be required to sign new engagement letters prior to the preparation of your returns.

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## **Tax Advice**

Our advice is based upon tax reference materials, facts, assumptions, and representations that are subject to change. Tax reference materials include but are not limited to the Internal Revenue Code ("IRC"), tax regulations, Revenue Rulings, Revenue Procedures, Private Letter Rulings and court decisions. We will not update our advice after the conclusion of the engagement for subsequent legislative or administrative changes or future judicial interpretations. To the extent we provide written advice concerning federal tax matters, we will follow the guidance contained in Circular 230, §10.37, Requirements for Written Advice.

## **Arguable Positions**

We will use our judgment to resolve questions in your favor where a tax law is unclear, provided there is substantial support for doing so. If there are conflicting interpretations of the law, we will explain the possible positions that may be taken on your return. We will follow the position you request, provided it is consistent with our understanding of the Internal Revenue Code ("IRC"), tax regulations, Revenue Rulings, Revenue Procedures, Private Letter Rulings and court cases. If the IRS, state or local tax authorities later contest the position taken, additional tax, penalties, and interest may be assessed. We assume no liability, and you hereby release us from any liability for such additional tax, penalties, interest, and related professional fees.

## **Reliance on Others**

If you wish to take a tax position based upon the advice of another tax advisor, you agree to obtain a written statement from the advisor confirming that the position should meet the "substantial authority," or "more likely than not" standard, as applicable. In preparing your federal tax return, we are subject to a diligence as to accuracy regarding reliance on others standard, as defined in revisions to Circular 230, §10.37(b). To the extent a position is based upon the advice of another tax advisor, prior to preparing or signing the tax return, the AICPA SSTS No. 1 also requires our firm to have a good faith belief that the position has, at a minimum, a realistic possibility of being sustained administratively or judicially on its merits, if challenged. Additional charges will apply to such research.

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## **Substantial Understatement Penalties**

The IRS and many states impose penalties for substantial understatement of tax. To avoid the substantial understatement penalty, you must have substantial authority to support the tax treatment of the item challenged by the IRS or adequate disclosure of the item. To fulfill the adequate disclosure requirement, you may be required to attach to your tax return a completed IRS Form 8275, Disclosure Statement, or 8275-R, Regulation Disclosure Statement, which discloses all relevant facts. A disclosed tax position that meets the reasonable basis standard must have some authority supporting the position and be more than simply arguable.

You agree to advise us if you wish to disclose a tax treatment on your return. If you request our assistance in identifying or performing further research to ascertain if there is “substantial authority” for the proposed position to be taken on the tax item(s) in your returns, we will confirm this representation in a separate engagement letter. It is your responsibility to contact us if additional assistance is required.

If we conclude as a result of our research that you are required to disclose a transaction on your tax return, you consent to attach a completed Form 8275 or 8275-R to your tax return for filing after we discuss the situation with you. You also agree to hold our firm harmless from any and all actual and consequential damages (including but not limited to tax, penalties, interest, and professional fees) you incur as a result of including such disclosures with your filed tax return regardless of the nature of the claim, including the negligence of any party.

Unless an undisclosed tax position meets the “substantial authority” or “more likely than not” standard, as applicable, we will be unable to prepare the return and will withdraw from the engagement.

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## **Listed Transactions and Other Reportable Transactions**

The law imposes substantial penalties on taxpayers and tax advisors for failure to disclose listed and other reportable transactions on Form 8886, Reportable Transaction Disclosure Statement. In general, reportable transactions are potentially abusive transactions identified by the IRS whose primary purpose is tax avoidance, including but not limited to listed transactions, confidential transactions, transactions with contractual protection, loss transactions, and transactions of interest. You agree to advise us of any reportable transactions identified under tax laws and regulations. You agree that it is solely your decision to disclose any reportable transactions in the returns we prepare for you.

You acknowledge your responsibility to inform us of any listed transactions or other reportable transactions as designated by the IRS. You agree to hold our firm harmless with respect to any additional tax, penalties, interest and professional fees resulting from your failure to timely notify us, in writing, of all such transactions in order to facilitate the timely preparation and filing of your tax returns.

## **Tax Shelters**

Section 506 of the Tax Extenders and Alternative Minimum Tax Relief Act of 2008 requires our firm, as tax return preparers, to conform to a higher standard than the taxpayer when an undisclosed tax position is related to a tax shelter as defined in IRC §6662(d)(2)(C)(ii), Imposition of Accuracy-Related Penalty on Underpayments, or a reportable transaction to which IRC §6662A, Imposition of Accuracy-Related Penalty on Understatements with Respect to Reportable Transactions, applies. This higher standard requires the preparer to have a reasonable belief that the undisclosed tax position would more likely than not be sustained on its merits if challenged by the IRS, and that there be a reasonable basis for the tax treatment. We may have to spend additional time preparing your return due to the research and analysis necessary to meet the standard. Accordingly, by executing this Agreement, you acknowledge that you are aware of this difference in standards, and consent to our preparation of your federal tax return in accordance with the standards applicable to our firm as tax preparers.

## **Client Responsibilities**

Upon request, we will provide you with an income tax organizer to help you compile and document the information necessary to prepare your income tax returns. You must complete the income tax organizer with accurate and complete information. Income from all sources, including those outside the U.S., is required.

We rely upon the accuracy and completeness of both the information you provide in the income tax organizer and other supporting data you provide in rendering professional services to you.

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### **Documentation**

You are responsible for maintaining adequate documentation to substantiate the accuracy and completeness of your tax returns. You should retain all documents that provide evidence and support for reported income, credits, and deductions on your returns, as required under applicable tax laws and regulations. You are responsible for the adequacy of all information provided in such documents. You represent that you have such documentation and can produce it, if necessary, to respond to any audit or inquiry by tax authorities. You agree to hold our firm harmless with respect to any additional tax, penalties, interest and professional fees resulting from the disallowance of tax deductions due to inadequate documentation.

### **Gift Tax Returns**

The IRS considers a gift to be any transfer to an individual, either directly or indirectly, where full consideration (measured in money or money's worth) is not received in return. Under federal tax law, certain gifts are taxable and subject to an annual gift tax exclusion amount, which for 2020, is \$15,000 per taxpayer. You are responsible for informing us if gift tax returns are required to be filed. If you ask us to prepare these returns, we will confirm this representation in a separate engagement letter.

### **Personal expenses**

You are responsible for ensuring that personal expenses, if any, are segregated from business expenses and that expenses such as meals, travel, entertainment, vehicle use, gifts, and related expenses are supported by necessary records required by the IRS and other tax authorities. At your written request, we are available to provide you with written answers to your questions on the types of supporting records required.

### **State and local filing obligations**

You are responsible for determining your tax filing obligations with any state or local tax authorities, including, but not limited to income, franchise, sales, use, property or unclaimed property taxes. You agree that we have no responsibility to research these obligations or to inform you of them. If upon review of the information you have provided to us, including information that comes to our attention, we believe that you may have additional filing obligations, we will notify you of this responsibility in writing and ask you to contact us. If you ask us to prepare these returns, we will confirm this representation in a separate engagement letter.

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## **U.S. filing obligations related to foreign financial assets**

As part of your filing obligations, you are required to report the maximum value of specified foreign financial assets, which include financial accounts with foreign institutions and certain other foreign non-account investment assets that exceed certain thresholds. You are responsible for informing us of all foreign assets, so we may properly advise you regarding your filing obligations.

These assets include any ownership interests you directly or indirectly hold in businesses located in a foreign country, and any assets or financial accounts located in a foreign country over which you have signature authority. Based upon the information you provide, this information will be used to calculate any applicable foreign tax credits. We will also use this data to inform you of any additional filing requirements, which may include *Form 8938, Statement of Specified Foreign Assets*, and *FinCEN Form 114, Report of Foreign Bank and Financial Accounts* ("FBAR"). Failure to file required forms can result in the imposition of both civil and criminal penalties, which may be significant. The FBAR is not a tax return and its preparation is not within the scope of this engagement. If you ask us to prepare the FBAR, we will confirm this representation in a separate engagement letter.

## **Foreign filing obligations**

You are responsible for complying with the tax filing requirements of any other country. You acknowledge and agree that we have no responsibility to raise these issues with you and that foreign filing obligations are not within the scope of this engagement.

## **Virtual Currency**

The IRS considers virtual currency (e.g., Bitcoin) as property for U.S. federal income tax purposes. As such, any transactions in, or transactions that use, virtual currency are subject to the same general tax principles that apply to other property transactions.

If you had virtual currency activity during the tax year, you may be subject to 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, virtual currency during the applicable tax year.

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### **Ultimate responsibility**

You have final responsibility for the accuracy of your tax returns. We will provide you with a copy of your electronic tax returns and accompanying schedules and statements for review prior to filing with the IRS and state and local tax authorities (as applicable). You agree to review and examine them carefully for accuracy and completeness.

You will be required to verify and sign a completed Form 8879, *IRS e-file Signature Authorization*, and any similar state and local equivalent authorization form before your returns can be filed electronically.

In the event that you do not wish to have your tax returns filed electronically, please contact our firm. Additional procedures will apply. You will be responsible for reviewing the paper returns for accuracy, signing them, and filing them timely with the tax authorities.

### **Timing of the Engagement**

We expect to begin our services upon receipt of the (1) signed copy of this engagement letter, (2) signed disclosure consent and (3) completed 2020 questionnaire and all documents requested either in the organizer or by our office.

If your federal return is electronically filed, our services will conclude upon the earlier of:

- the filing and acceptance of your 2020 tax returns by the appropriate tax authorities and mailing or delivery of non-electronically filed tax returns (if any) for your review and filing with the appropriate tax authorities,
- written notification by either party that the engagement is terminated, or
- one year from the execution date of this Agreement.

### **Extensions of Time to File Tax Returns**

The original filing due date for your tax returns is April 15, 2021. **Due to the high volume of tax returns prepared by our firm, the information needed to complete the tax returns must generally be received by February 28, 2021, so that the returns may be completed by the original filing due date.**

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It may become necessary to apply for an extension of the filing deadline if there are unresolved issues or delays in processing, or if we do not receive all of the necessary information from you on a timely basis. Applying for an extension of time to file may extend the time available for a government agency to undertake an audit of your return or may extend the statute of limitations to file a legal action. **All taxes owed are due by the original filing due date.** Additionally, extensions may affect your liability for penalties and interest or compliance with governmental or other deadlines.

**To the extent you wish to engage our firm to apply for extensions of time to file tax returns on your behalf, you must notify us of this request in writing. Our firm will not file these applications unless we receive an executed copy of this Agreement and your express written authorization to file for an extension. In some cases, your signature may be needed on such applications prior to filing. Failure to timely request an extension of time to file can result in penalties for failure to file tax returns, which accrue from the original due date of the returns, and can be substantial.**

We are available to discuss this matter with you at your request. Additional charges will apply for such services.

### **Penalties and Interest Charges**

Federal, state, and local tax authorities impose various penalties and interest charges for non-compliance with tax laws and regulations, including failure to file or late filing of returns, and underpayment of taxes. You, as the taxpayer, remain responsible for the payment of all tax, penalties, and interest charges imposed by tax authorities.

We rely on the accuracy and completeness of the information you provide to us in connection with the preparation of your tax returns. Failure to disclose or inadequate disclosure of income or tax positions may result in the imposition of penalties and interest charges.

### **Professional Fees**

Our minimum professional fee for the services outlined above is \$1,250. A fee estimate may be provided upon request after a CPA reviews the prior returns. Our fee is based upon the complexity of the work to be performed, and our professional time, as well as out-of-pocket expenses. In addition, this fee depends upon the timely delivery, availability, quality, and completeness of the information you provide to us. You agree that you will deliver all records requested and respond to all inquiries made by our staff to complete this engagement on a timely basis. You agree to pay all fees and expenses incurred whether or not we prepare the tax returns.

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### **Mandatory IRS Consent Form**

Like many industries competing in today's global economy, our profession continuously re-engineers our business processes. Going back to 2002, many firms around the country have used temporary domestic and international assistance to address staffing shortages during peak seasons. This includes the "Big Four" accounting firms down to sole practitioners and now, our Firm.

To alleviate staffing shortages that continue to plague the accounting profession, we have decided to utilize off-shore personnel to electronically organize your source data and to perform the initial input of this data into our tax software. This is purely a clerical function - once this initial data entry process has been completed our in-house staff will then follow our internal procedures for review and complete the return. When completed, the return will be signed by a member of our firm. Using off-shore personnel enables us to allocate our in-house staff to the complex areas of your tax preparation and to provide timely service to you. Although we utilize a third party for assistance in this process we take full responsibility that the return is correct and complete as it relates to the information that you have supplied us. We are confident this streamlined production process will allow us to better service our clients.

Regulations issued by the Internal Revenue Service (effective January 1, 2009) require that you consent, in advance, to this process (see enclosed consent.) The consent language and form is in a format that cannot be altered by our firm or you. Some of the language may not be applicable to you, but once again it is unalterable.

#### **Please note carefully the following statements:**

After performing significant due diligence as to technical competencies, internal quality control and information security policies, we have chosen Avanti Accounting Services Pvt. Ltd. to assist us in processing our tax returns this year. We have performed significant due diligence on the vendor as to their technical competencies, internal quality control procedures and information security policies.

1. We have entered into a legally enforceable contractual relationship with Avanti Accounting Services Pvt. Ltd. that requires them to safeguard your information. This contract provides that Avanti Accounting Services Pvt. Ltd. can only use your tax information to process the related tax return and are prohibited from using your information for any other reason.
2. We will only disclose information to a third party that is necessary for the accuracy of your return and for this purpose only.
3. Even though there is language in the consent about what could occur if you do not consent, we will provide you with tax preparation services regardless of your decision.

**We encourage your consent to our procedures as we believe this process is in our best interest as a professional service organization and therefore in your best interest as our valued client. Please return the enclosed consent with our engagement letter.** Thank you and please contact our office with any questions.

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### Consent to Disclosure of Tax Return Information

(Per IRS regulation this statement may not be altered in any fashion)

Federal law requires this consent form be provided to you. Unless authorized by law, we cannot disclose your tax return information to third parties for purposes other than the preparation and filing of your tax return without your consent. If you consent to the disclosure of your tax return information, Federal law may not protect your tax return information from further use or distribution.

You are not required to complete this form. Because our ability to disclose your tax return information to another tax return preparer affects the service that we provide to you and its cost, we may decline to provide you with service or change the terms of service (including the cost) that we provide to you if you do not sign this form. If you agree to the disclosure of your tax return information, your consent is valid for the amount of time that you specify. If you do not specify the duration of your consent, your consent is valid for one year.

The consent to disclose may result in your tax return information being disclosed to a tax return preparer located outside the United States, *including your personally identifiable information such as your Social Security Number ("SSN")*. Both the tax return preparer in the United States that will disclose your SSN and the tax return preparer located outside the United States which will receive your SSN maintain an adequate data protection safeguard (as required by the regulations under 26 U.S.C. Section 7216) to protect privacy and prevent unauthorized access to tax return information. If you consent to the disclosure of your tax return information, federal agencies may not be able to enforce United States laws that protect the privacy of your tax return information against a tax return preparer located outside the United States to which the information is disclosed.

If you agree to allow our firm to disclose your tax return information, including your SSN to Avanti Accounting Services Pvt. Ltd. (a US entity) for purposes of providing assistance in the preparation of your 2020 and subsequent individual income tax returns, please check the box below, and sign and date your consent to the disclosure of your tax return information.

I authorize Mangold Anker Phillips, PLLC to disclose to Avanti Accounting Services Pvt. Ltd. my tax return information including my SSN to allow Avanti Accounting Services Pvt. Ltd. to assist in the preparation of my individual income tax returns for years 2020 through 2023.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

If you believe your tax return information has been disclosed or used improperly in a manner unauthorized by law or without your permission, you may contact the Treasury Inspector General for Tax Administration (TIGTA) by telephone at 1-800-366-4484, or by email at [complaints@tigta.treas.gov](mailto:complaints@tigta.treas.gov).