

Abbott & Company
55898 29 Palms Hwy. Suite A
Yucca Valley, CA 92284-7802

Annual Engagement Letter

Dear Client:

We appreciate the opportunity to work with you. To minimize the possibility of a misunderstanding between us, we are setting forth pertinent information about the services we will perform for you.

We will prepare your 2024 Federal Form 1040 and California Form 540, or any applicable states, including income tax schedules from information you furnish to us. We do not use foreign or third parties for preparation of your tax return. We will not audit or otherwise verify the data you submit, although we may ask you to clarify or document some of the information.

We must receive all information by April 1, 2025 to prepare your return by the April 15, 2025 deadline. If we have not received all of your information by April 1, 2025, and your return is not completed by April 15, 2025, you may be subject to late filing and late payment penalties. We will file tax extensions for clients unless specifically requested not to do so. **The extension is an extension of time to file your tax return, not an extension to pay any tax liability due.** If an extension is filed, provide all of your information by September 15, 2025 to prepare your returns by the October 15, 2025 deadline.

As a taxpayer, it is your responsibility to maintain, in your records, the documentation necessary to support the data used in preparing your tax returns, including and not limited to auto mileage, travel, investments, depreciation allowances, receipts supporting all cash and non-cash charitable contributions, and other related expenses. The law imposes various penalties when taxpayers understate their tax liabilities. **We are not your record keepers.** If you have any questions as to your record-keeping requirements, please ask us for advice. Further, by signing the declaration below, you are agreeing that you have provided written confirmation and documentation, to the best of your knowledge, and that you maintain adequate record requirements. **Please remember, you have the final responsibility for the information on your income tax returns.**

We need to make you aware that U.S. taxpayers are required to report their worldwide income, that is, income from both U.S. and foreign sources. In addition, taxpayers who own, have an interest in, or signature authority over assets in a foreign country, may be required to report the existence of the asset. Penalties for failure to report these assets may be subject to a civil penalty not to exceed \$10,000 per violation. A person who willfully fails to report an account may be subject to a civil monetary penalty equal to the greater of \$100,000 or 50% of the balance in the account at the time of violation. Your signature below will acknowledge that you have reported any and all foreign assets in which you have either ownership or a signature authority. This includes, but is not limited to, funds in foreign financial institutions, real estate, rights to foreign pension plans, cryptocurrency, rights to distributions from foreign estates and trusts, life insurance with cash surrender values or any other foreign assets. It does not include stocks in foreign countries held by U.S. brokerage companies.

It is also your responsibility to carefully examine and approve your completed tax returns before signing. We are not responsible for the disallowance of doubtful deductions or inadequately supported documentation, resulting in additional taxes, penalties, and interest. If a joint return is prepared, tax returns and copies of all supporting documentation will be made available to either spouse without the consent or notification of the other spouse.

We are responsible for preparing only the returns listed above. Please inform us if there are additional returns you wish us to prepare, such as sales tax, property tax, inheritance, gift or estate tax, other income tax returns for other entities, or other states or cities tax returns. Our fee does not include responding to inquiries or examination by taxing authorities. However, we are available to represent you and this would be covered under a separate engagement letter.

We will use our judgment to resolve questions in your favor where a tax law is unclear if there is reasonable justification for doing so. Whenever we are aware that a possible 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 return. We will follow whatever position you request, so long as it is consistent with the codes and regulation and interpretations that have been promulgated. If the IRS should later contest the position taken, there may be an assessment of additional tax plus interest and penalties. We assume no liability for any additional penalties or assessments.

If we are asked to disclose any privileged communication, we will not provide such disclosure until you have authorized us to do so, unless we are required to disclose the communication by law. You agree to pay any and all reasonable expenses that we incur, including legal fees, that are a result of the attempts to protect any communication as privileged. Our firm maintains and complies with a 3 year records retention policy. We recommend you retain all documents, canceled checks, receipts, and other data that form the basis of income and deductions for at least 3 years after filing your return.

Our fee for these tax services will be based on our standard rates. Invoices are due and payable upon representation. No further work will be performed when an unpaid balance is over 30 days. The suspension or termination of our work may cause you to fail to meet deadlines imposed by creditors, governments or third parties or may result in other adverse consequence of nonpayment of our statements. Our services will conclude upon delivery of the completed tax returns discussed above or upon our resignation from the engagement.

We want to make you aware that effective January 1, 2020, California residents must obtain minimum essential health care coverage to avoid the new California individual health care mandate penalty enacted by SB 78 (Ch. 19-38). Generally speaking, an individual who fails to secure coverage will be subject to an annual **penalty** when they file their CA tax return.

We appreciate the opportunity to serve you. Please sign and date this letter to acknowledge your agreement with and acceptance of your responsibilities and the terms of this engagement. It is our policy to initiate services after we receive the executed engagement letter. If this is a joint return, both spouses must sign.

Sincerely yours,

Shelly L. Abbott, EA
Steven G. Frazer, EA

_____ (Taxpayer) _____ (Date)

_____ (Spouse) _____ (Date)

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

Enrolled to Practice Before the Internal Revenue Service

Client Consent To Use Tax Information

Federal law requires this consent form be provided to you. Unless authorized by law, we cannot use, without your consent, your tax return information for purposes other than the preparation and filing of your tax return. In addition to tax preparation services, this firm is in the business of providing year round financial consultation and tax planning services. These services cannot be provided without your consent.

You are not required to complete this form. If we obtain your signature on this form by conditioning our services on your consent, your consent will not be valid. 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.

Consent to Use

I consent to the use of my tax information for purposes other than preparing my tax return. I consent for you to communicate with me via newsletter, e-mail, web site, phone, or other means with information and recommendations that may be of use to me, including but not limited to: **Tax Advice; Tax Planning; Retirement Tax Planning; Other Tax Advice.**

By signing this form you expressly consent to the use of your tax information for the purposes of providing these auxiliary tax services for you. I understand the firm is using tax information furnished by me to provide me with the services listed here.

I also understand that I may terminate this consent at any time by providing a written request for termination.

Privacy Policy: Your non-public personal information is collected from various sources: Information received from you on tax organizers, worksheets, client questionnaires; information you provide via personal interviews, telephone conversations, faxes and emails. Except upon approval by me or as required by law the firm will not disclose my confidential tax information to any other person or for any other purpose.

I also acknowledge that I have read and understand the Firms Privacy Policy provided above.

Duration of this consent: _____
(one year from date of signature if left blank)

_____ (Taxpayer) _____ (Date)

_____ (Spouse) _____ (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