

Specializing in Individual, Small Business, Non-profits, Estate & Trusts

**NEW CLIENT**  
**2021 Income Personal Tax Return Engagement Letter & Privacy Notification**

Client Name(s): \_\_\_\_\_ (You)

Metzger Tax Service LLC (We) are pleased to confirm our understanding of the arrangements for your personal income tax return(s). This letter confirms the services you have asked our firm to perform and the terms under which we have agreed to do that work. Please read this letter carefully because it is important to both our firm and you that you understand what you can and cannot expect from our services. If you are confused at all by this letter or believe we have misunderstood what you need, please discuss this letter with us before you sign it.

The Internal Revenue Service imposes penalties on taxpayers, and licensed preparers, for failure to observe due care in reporting for income tax returns. In order to ensure an understanding of our mutual responsibilities, we ask all clients for whom we prepare tax returns to confirm the following arrangements.

We are responsible for preparing only your 2021 tax filings from information you furnish us. We will prepare your Federal, State, and local returns as required based on data within W-2's, 1099's, and/or K-1's that you provide to us. We do not prepare any applicable sale tax, art tax, and non-sole proprietorship business tax filings. If you need assistance in other tax filings, we can discuss and agree to terms in a separate Engagement agreement. If you have taxable activity in any other jurisdictions, you are responsible for providing our firm with written information necessary to prepare any additional applicable state(s) or local income tax returns.

We will **not** audit, review, compile or otherwise verify the data you submit although we may ask you to clarify some of the information.

It is your responsibility to maintain, in your records, the documentation necessary to support the data used in preparing your tax returns, including but not limited to the auto, travel, entertainment, 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 us for advice in that regard. It is also your responsibility to carefully examine and approve your completed tax returns before signing and mailing or instructing us to electronically file your returns with the tax authorities. **We are not responsible for the disallowance of doubtful deductions or inadequately supported documentation, nor for resulting taxes, penalties, and interest.** We will rely, without further verification, upon information you provide to us from third parties including, but not limited to W-2's, K-1's, 1099's, 1098's, 1095's and receipts and similar items.

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 an aggregate 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 who 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). Failure to disclose the required information to the U.S. Department of the Treasury may result in substantial civil and/or criminal penalties. Such disclosure includes filing Form 8938 with this Form 1040. If you do not provide our firm with information regarding any

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interest you may have in a foreign account, we will not be able to prepare any of the required Income Tax related forms, and penalties may be due, for which we have no responsibility. In the absence of such information being provided we will presume you do not have any foreign assets or financial interests and will not file any applicable disclosure forms without separate written authorization.

If you and/or your entity have a financial interest in any foreign accounts, you may also be responsible for filing Form FinCen 114 required by the U.S. Department of the Treasury on or before April 15th of each tax year. US citizens are required to report worldwide income on their US tax return. We will not be responsible for preparing Form FinCen 114 if we do not acknowledge written instructions from you.

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, foreign-owned U.S. corporation or foreign corporation engaged in a U.S. trade or business or U.S. transferor of property to a foreign corporation. By your signature below, you accept responsibility for informing us, in writing, 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 forms. We assume no liability for penalties associated with the failure to file or untimely filing of any of these matters.

You acknowledge that you have reported all 2021 income you received including barter, consumer-to-consumer activity, cash-based income, and all other income whether received in-person, in-kind, or electronically. You also confirm that you have or will timely file any applicable required Forms W-2 and W-3 with the Social Security Administration and IRS for business employees or home-workers.

***Crypto currency: Congress and the IRS are very aggressively pursuing cryptocurrency activity, reporting and tax situations. Failure to report cryptocurrency activity of any type, including sales, staking, mining, lending, NFT activity, trades and other activities must be reported on your return. By signing the engagement letter You are acknowledge that you have reported all cryptocurrency activity in writing to us.***

We will use our professional judgment in preparing your returns. 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 adopt whatever position you request on your return so 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.

Special privacy laws were established by the IRS prohibiting us from providing confidential copies or information or copies to anyone other than you without your specific, written authorization. Please expect to provide that written authorization before we can release any of your confidential information.

If we are asked to disclose any privileged communication, unless we are required to disclose the communication by law, we will not provide such disclosure until you have had an opportunity to argue that the communication is privileged. You agree to pay any and all reasonable expenses that we incur, including legal fees, which are a result of attempts to protect any communication as privileged. In addition, your confidentiality privilege can be inadvertently waived if you discuss the contents of any privileged communication with a third party, such as a lending institution, a friend, or a business associate. We recommend that you contact us before releasing information to a third party.

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It is our policy to keep records related to this engagement for three years after which they may be destroyed. However, we do not keep any original client records, so we will return those to you at the completion of the services rendered under this engagement. When records are returned to you, it is your responsibility to retain and protect them for possible future use, including potential examination by any government or regulatory agencies. We recommend that you keep these records for at least seven years.

In the interest of facilitating our services to you, we may communicate by facsimile transmission or a secure web portal. This portal will be password protected. While we will use our best efforts to keep such communications secure in accordance with our obligations under applicable laws and professional standards, you recognize and accept that we have no control over the unauthorized interception of these communications once they have been sent and consent to our use of these devices during this engagement. Please provide us with a secure email address.

From time to time during our relationship, you may seek our advice regarding potential investments. We are not investment advisors. Accordingly, we suggest that you seek the advice of qualified investment advisors appropriate to each investment being considered.

### PLEASE COMPLETE

**Name (both if joint return):** \_\_\_\_\_

**Social Security Numbers of above:** \_\_\_\_\_

**Best phone number:** \_\_\_\_\_

**Best email:** \_\_\_\_\_

**Marital Status:** \_\_\_\_\_ (we need copies of all parties Driver Licenses)

**Address:** \_\_\_\_\_

**Dependent: names and social security numbers:** \_\_\_\_\_

\_\_\_\_\_

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(we need birth certificate AND social security card for each dependent)

**At what address did you work during 2021? If multiple locations, please list addresses and days worked at each location:**

**Taxpayer:** \_\_\_\_\_

\_\_\_\_\_

**If, married – Spouse:** \_\_\_\_\_

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**Please check the appropriate box for each of the following questions as they pertain to you and the family members included on your 2021 tax returns.**

**YES**   **NO**

- Could you be claimed as a dependent on another person's tax return?
- Do you have dependents who you wish to claim on the 2021 tax returns? If so, if not previously provided, we need copies of both birth certificated and social security cards of each. Please share with us each dependent's first name \_\_\_\_\_
- Did you make any 2021 estimated tax payments? If so, please provide a schedule to us.
- Did you report to us all tip, unemployment, disability, alimony, other income, or monetary legal settlements received?
- At any time during 2021, did you receive, sell, exchange, or otherwise dispose of any financial interest in any virtual currency?
- Outside of your retirement and investment brokerage accounts did you buy or sell any stocks, bonds, or other investment property?
- Did you purchase, sell, or refinance your principal home or second home, or did you take out a home equity loan? Please provide the final closing Settlement Statement.
- Did you receive a distribution from a retirement plan (401(k), IRA, etc.)?
- Did you contribute to a retirement plan (401(k), IRA, etc.)?
- Did you transfer, rollover, or convert any retirement funds in 2021?
- Did you receive a distribution from a Health Savings Account?
  - Was the withdrawal all for Qualified medical costs?
- Did you have any debt canceled and/or involved in any bankruptcy proceedings?
- At any time during 2021, did you have a financial interest in or signature authority over a financial account (such as a bank account, securities account, or brokerage account) located in a foreign country?
- During 2021, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust?
- Was your home rented out or used for business?
- Were you notified or audited by either the IRS or the State taxing agency?
- May the IRS or State discuss your tax return with Metzger Tax Service LLC?

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**YES**    **NO**

    Did you, your spouse, or a dependent incur any tuition expenses that are required to attend a college, university, or vocational school? We will need a detail of these expenditures and Form 1098-T from the school

Who incurred tuition expenses? \_\_\_\_\_

Has this person received an undergraduate degree? If so, When? \_\_\_\_\_

**IRS specifically states that if the follow two questions are not correct on your tax filing . . .  
THE PROCESSING OF YOUR RETURN WILL BE DELAYED, INCLUDING REFUND DELAYS**

    • Did you receive a stimulus payment in early spring of 2021?  
If so, what was the total amount you, and if applicable, your spouse and dependents receive \$\_\_\_\_\_ We cannot complete your tax return without this information.

    • Did you receive any Advanced Child Tax Credits payments in 2021?  
If so, how much was received each month?:  
July \$\_\_\_\_\_ August \$\_\_\_\_\_ Sept. \$\_\_\_\_\_ Oct. \$\_\_\_\_\_ Nov. \$\_\_\_\_\_ Dec. \$\_\_\_\_\_ We cannot complete your tax return without this information.

Paper or Electronic

    Would you like to receive an electronic copy of your tax returns via our secured web portal or a paper copy of your tax returns for your records?

**If you are involved in a business venture (sole proprietorship, and LLC not taxed as a partnership or Sub Chapter S business, rental property, farming operations, etc.), please complete the following:**

**YES**    **NO**

    During 2021, did you make payments to a contractor, rent payments to a landlord, or interest payments of more than \$ 600 in the course of your business?

    • If your payments were NOT to a corporation, did you file form 1099's as required?  
Please provide us a copy of all issued 1099's.

    • If not, please provide us with name, address, tax ID number, and amount paid so we may complete the required tax reporting.

    Did you work in any of the following areas, and if so, you will need to provide us with how much Gross income (income you received before any business expenses) for work done in each area.

- Earned income in Multnomah County \$\_\_\_\_\_
- Earned income in the City of Portland \$\_\_\_\_\_
- Earned income in the Tri-Met District \$\_\_\_\_\_
- Earned income in the Canby Transit District \$\_\_\_\_\_
- Earned income in the Lane County Transit District \$\_\_\_\_\_

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The IRS and State Agencies are reviewing (auditing) in detail small business reporting. It is imperative that you have a strong record keeping system. This record keeping is your responsibility as a business operator. We work with a number of strong bookkeepers that we can recommend to you. Please consider this if you need to strengthen your record keeping systems.

**FEES ARE DUE AT THE TIME YOU PICK UP YOUR RETURN. Tax returns will not be electronically filed or released until payment in full has been made.** The individual signing this agreement will be liable for our fee. Should an account not be paid in full at the time of pick up, to the extent permitted by state law, an interest and/or service charge may be added to all accounts not paid within thirty (30) days. If you are delinquent in payment, your account may be subjected to collection actions and you will become additionally responsible for collection, legal, administrative, court and any other fees incurred by us in collecting your delinquent account.

**Our fees for the tax preparation agreed to under this letter DO NOT include responding to inquiries or examination by taxing authorities or third parties, for that you will be billed separately for time and expenses involved.** However, we are available to represent you and our fees for such services are at our standard rates and would be covered under a separate engagement letter. You agree to immediately notify us upon the receipt of any correspondence for any agency covered by this letter.

In recognition of the relative risks and benefits of this agreement, You and Metzger Tax Service LLC (the Tax Firm) have discussed and have agreed on the fair allocation of risk between us. As such, You agree, to the fullest extent permitted by law, to limit the liability of the Tax Firm to You for any and all claims, losses, costs, and damages of any nature whatsoever, so that the total aggregate liability of the Tax Firm to You shall not exceed the Tax Firm's total fee for services rendered under this letter. You and the Tax Firm intend and agree that this limitation apply to any and all liability or cause of action against the Tax Firm, however alleged or arising, unless otherwise prohibited by law. Both parties agree that there is a one-year limitation period to bring a claim against the Tax Firm for error and omissions. The one-year period will begin upon the date of the tax professional's signature on the tax returns covered by this engagement letter.

This engagement letter represents the entire agreement regarding the services described herein and supersedes all prior negotiations, proposals, representations, or agreements, written or oral, regarding these services. It shall be binding on the heirs, successors and assigns of you and the Tax Firm.

We appreciate the opportunity to serve you. Please date and sign the enclosed copy of 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 any provision of this agreement is declared invalid or unenforceable, no other provision of this agreement is affected, and all other provisions remain in full force and effect.

Sincerely,

***Metzger Tax Service LLC***

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

\_\_\_\_\_  
Signature of Taxpayer

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Print name of Taxpayer(s)