

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

## RETURNING CLIENT

### 2023 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 to 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 2023 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 sales 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. **We are required to obtain a copy of Form W-2, 1099's and 1095 before we are allowed to file your returns.**

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 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.

See Next Page

Client Initials \_\_\_\_\_

Page 1 of 6

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 2023 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. Cryptocurrency activity may require reporting on tax returns filed with other countries. We have not determined if such returns are due nor have we been hired to determine filing requirements or file any tax returns for foreign countries. By signing the Engagement Letter, you 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 of information 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.

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.

**See Next Page**

**Client Initials** \_\_\_\_\_

**Page 2 of 6**

In the interest of facilitating our services to you, we may communicate by facsimile transmission, email, 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 and secured voice mail message system.

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.

We **CANNOT** file tax extensions for you unless you sign this engagement agreement. **An extension is an extension of time to file, NOT AN EXTENSION OF TIME TO PAY.** You should include an estimate of any balance due with the extension or **penalties and interest** will be charged until your payments are received by the IRS and State(s). We must receive your information by April 1 to complete your extension. If your business is on extension, your personal return will be on extension as well.

## PLEASE COMPLETE

**Best phone number:** \_\_\_\_\_  
This is the phone number that we will call when your returns are completed. If we do not get an answer, we will leave a message for you.

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

**Marital Status:** \_\_\_\_\_ (If not previously provided, we need copies of all parties Driver Licenses)

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

**At what address did you physically work during 2023? If multiple locations, please list addresses and percentage of days worked at each location:**

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

**If, married – Spouse:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**YES   NO**

- ☐ ☐ Did your marital status change during the year?
- ☐ ☐ Could you be claimed as a dependent on another person's tax return?
- ☐ ☐ Do you have dependents who you wish to claim on the 2023 tax returns? If not previously provided, we need copies of both birth certificates and Social Security cards for each. Please share with us each dependent's first name \_\_\_\_\_

**See Next Page**

**Client Initials** \_\_\_\_\_

**Page 3 of 6**

**Please check the appropriate box for each of the following questions as they pertain to you and the family members included on your 2023 tax returns.**

- ☐ ☐ Did you make any 2023 estimated tax payments? If so, please provide a schedule to us.
- ☐ ☐ Did you report to us all tip, unemployment, disability, other income, or monetary legal settlements received?
- ☐ ☐ Did you receive or pay alimony (we need a copy of your divorce decree if not already in our files).  
If alimony was paid, how much was paid \_\_\_\_\_?  
If alimony was received, how much was received \_\_\_\_\_?
- ☐ ☐ Did you have gambling winnings?  
If yes, did your losses exceed winnings? ☐ Yes ☐ No – What were your losses \$ \_\_\_\_\_
- ☐ ☐ Did you have health insurance acquired through the Marketplace for any time in 2023?  
If insurance is provided through your employer or you have Medicare – check NO.
- ☐ ☐ 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.  
☐ Purchase ☐ Sell ☐ Refinance ☐ Obtain a HELOC or second mortgage
- ☐ ☐ Do you have a reverse mortgage?
- ☐ ☐ Outside of your retirement and investment brokerage accounts, did you buy or sell any stocks, bonds, or other investment property?
- ☐ ☐ Did you contribute to a retirement plan (401(k), IRA, etc.)?
- ☐ ☐ Did you receive a distribution from a retirement plan (401(k), IRA, etc.)?
- ☐ ☐ Did you transfer, rollover, or convert any retirement funds in 2023?
- ☐ ☐ Did you make any contributions through a Qualified Charitable Distribution (QCD)?
- ☐ ☐ Did you receive a distribution from a Health Savings Account?
- ☐ ☐ ☐ If a distribution was received, was the entire withdrawal for Qualified medical costs?
- ☐ ☐ Did you have any debt canceled and/or were you involved in any bankruptcy proceedings?
- ☐ ☐ At any time during 2023, did you receive, sell, exchange, or otherwise dispose of any financial interest in any virtual currency?
- ☐ ☐ At any time during 2023, 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 2023, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust?
- ☐ ☐ Are you an educator who is a kindergarten through grade 12 teacher, instructor, counselor, principal or aide who worked in a public or private school for at least 900 hours during the school year?  
How much were your out of pocket classroom costs \$ \_\_\_\_\_
- ☐ ☐ Was your home rented out or used for business?

**See Next Page**

**Client Initials** \_\_\_\_\_

**Page 4 of 6**

**YES NO**

- ☐ ☐ Were you notified or audited by either the IRS or the State taxing agency?
- ☐ ☐ Were you a full year resident in Oregon in 2023? If not, what State(s) and what date(s) were in living in other state(s)? \_\_\_\_\_
- ☐ ☐ 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? \_\_\_\_\_
- ☐ ☐ Did you incur any child-dependent care costs while you were looking for, or working, a paid job?
- ☐ ☐ May the IRS and State(s) discuss your tax return with Metzger Tax Service LLC?
- ☐ ☐ Did you receive a PIN number from the IRS? If yes, we must have the letter from the IRS.

**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:**

- ☐ ☐ During 2023, 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 you have not filed required form 1099's, We can assist (under a separate signed engagement letter) to ensure your compliance with these required filings.
- ☐ ☐ Did your business work in any of the following areas? If so, please provide us with how much gross income (income you received before any business expenses) was received in each area.  
Multnomah County, City of Portland, Tri-Met District, Canby Transit District, Lane County Transit District, or out of your home state.

**The IRS, State, and other 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 several strong bookkeepers who we can recommend to you. Please consider this if you need to strengthen your record keeping systems.**

**Whenever possible, your returns will be electronically filed after we receive your signed authorization and payment for our services. Some returns cannot be electronically filed**

- ☐ ☐ Do you want to DocuSign **INSTEAD OF RECEIVING A PAPER COPY**? An electronic copy of your tax returns will be in our secure web portal.  
**If YES, you will be responsible for printing and mailing non-electronic filed tax forms.**
- Or  
☐ ☐ Would you like a paper copy of the return? Not available if you choose to DocuSign.

**See Next Page**

**Client Initials** \_\_\_\_\_

**Page 5 of 6**

**FEES ARE DUE AT THE TIME YOU PICK UP YOUR RETURN OR WITHIN 30 DAYS OF COMPLETION, WHICHEVER IS EARLIER. 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, interest and/or a 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. You will be billed separately for our time and expenses involved should we be asked to respond. There will be additional fees for work related to withholding calculations, estimated tax vouchers for extensions, payment plan set up, tax planning, and answering and researching letters from the IRS and other tax agencies.** 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 receipt of any correspondence for any tax 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 applies 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 errors 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 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, the Taxpayer-Client, 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