



Amado CPA & Associates, LLC

Accounting for your Business

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Tax Year 2023 Income Tax Return Engagement Letter

Dear Client,

Thank you for considering Amado CPA & Associates to serve you. It is our pleasure to respectfully submit this engagement letter; which outlines the scope of our work and understanding of the arrangements of the services you have asked our firm to perform and the terms under which we have agreed to do it.

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 us. The Internal Revenue Service imposes penalties on taxpayers, and on us as return 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 will prepare the returns from information which you will furnish to us. It is your responsibility to provide all the information required for the preparation of complete and accurate returns. We will furnish you with any questionnaires and/or worksheets that you request to guide you in gathering the necessary information. Any required accounting and/or bookkeeping assistance will be limited to those tasks we deem necessary for the preparation of the returns and will be billed at our standard billing rates.

Tax Preparer Responsibilities

- We will prepare your 2023 federal and state tax returns with associated schedules from information you furnish us. Although we may ask you to clarify information, we will not verify the accuracy of the data you submitted to us and are not responsible for ensuring this. However, we will inform you should we believe there is an issue to point out. If you have taxable activity in a state/city or country other than that specifically listed, you are responsible for providing our firm with all information necessary to prepare any additional applicable state(s) or local income tax returns as well as informing us of the applicable states.
- We are responsible for preparing only the specific individual income tax forms for the specified federal and state tax returns listed in this letter. Any other requested services require a separate engagement letter. Our services are not intended to determine whether you have filing requirements other than the one(s) which you have requested above.

Taxpayer Responsibilities

- 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 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). 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 and Form FinCen 114 directly with the Department of the Treasury. 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.

- US citizens and resident aliens are required to report worldwide income on their U.S. tax return.
- 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, 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. Additionally, recent Form 1040 changes require that you report any activity you may have in cryptocurrency including mining, sale, barter, etc. You will inform us if you believe that you fall into one of the above reporting categories and you agree to provide information necessary to prepare the appropriate forms. Cryptocurrency activity may require reporting on tax returns filed with other countries. We have not determined if such returns are due or nor have we filed them. We assume no liability for penalties associated with the failure to file required forms.
- You acknowledge that you have reported all 2023 income you received including barter, crypto-currency, consumer-to-consumer activity, cash revenues 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 and 1099 with the Social Security Administration and IRS for business employees or home-workers.

If needed, we could respond to inquiries or examination by taxing authorities or third parties under a separate agreement. It is recommended that you notify us upon receipt of any correspondence from any agency covered by this letter. Please do not respond to or click on any links from emails purportedly from the IRS -- the IRS never initiates correspondence via email; such emails are attempts to steal your identity.

It is your responsibility to maintain, in your records, the documentation necessary to support the data used in preparing your tax returns for three years from the filing date. It is also your responsibility to carefully examine and approve your completed tax returns before signing them. 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 3rd parties including, but not limited to, K1s, 1099s, 1098s, and receipts and similar items.

If all required documents are not received by March 22nd we will file tax extensions for you. Not filing on time and failure to file an extension may subject to various penalties and interest. If there is an expected balance due, an estimated tax payment should be remitted to the respective agency by or before the filing due date. If your return is extended it does not relieve you from paying any tax due on the due date or making quarterly estimated tax payments for the current year. Failure to pay any tax due with the extension or failure to pay quarterly estimated tax payments may subject you to various penalties and interest.

Privacy laws established by the IRS prohibit us from providing confidential information or copies to anyone other than you without your specific, written authorization. To comply with these regulations, we provide all copies of all returns to you in a secure web portal as discussed below. In the interest of maintaining service quality and timeliness, we may use a 3rd party service provider to assist us in the use of technology to facilitate compliance with disclosure and storage of your tax information. We and the 3rd party provider have established written procedures and controls designed to protect client confidentiality and maintain data security.

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, that 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 are destroyed. You should keep all original documents for possible future use, including potential examination by any government or regulatory agencies.

In the interest of facilitating our services to you, we utilize a secure web portal. Your use of this portal must comply with our standards of use, and as owners of the portal we retain the right to limit and deny use of the portal for inappropriate purposes. Your access to files maintained on the portal will remain in effect as an active client. All confidential information sent to you or third parties (at your direction), as well as the 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.

Payments for billings are due upon receipt and billings become delinquent if not paid within 30 days of the invoice date. 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. If billings are not paid within 30 days of the invoice date, at our election, we may stop all work until your account is brought current, or we may withdraw from this engagement. You acknowledge and agree that we are not required to continue work in the event of your failure to pay within 30 days (timely basis) for services rendered as required by this engagement letter. You further acknowledge and agree that in the event we stop work or withdraw from this engagement as a result of your failure to pay on a timely basis for services rendered as required by this engagement letter, we shall not be liable to you for any damages that occur as a result of our ceasing to render services. Our services will conclude upon delivery of the completed income tax returns discussed above or upon our suspension of services or resignation from the engagement.

In recognition of the relative risks and benefits of this agreement to both the client and the accounting firm, the client agrees, to the fullest extent permitted by law, to limit the liability of the accounting firm to the client for any and all claims, losses, costs, and damages of any nature whatsoever, so that the total aggregate liability of the accounting firm to the client shall not exceed the accounting firm's total fee for services rendered under this agreement. The client and the accounting firm intend and agree that this limitation apply to any and all liability or cause of action against the accounting 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 us 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.

Notwithstanding anything contained herein, both the accountant and client agree that regardless of where the client is domiciled and regardless of where this Agreement is physically signed, this Agreement shall have been deemed to have been entered into at Amado CPA & Associates, LLC office located in Prince George's County, Maryland, USA, and Prince George's County, Maryland, USA, shall be the exclusive jurisdiction for resolving disputes related to this Agreement. This Agreement shall be interpreted and governed in accordance with the Laws of Maryland.

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

We appreciate the opportunity to serve you. Please date and sign this letter to acknowledge your agreement with and acceptance of the terms of this engagement. It is our policy to initiate services after we receive the executed engagement letter.

Sincerely,

Nadine N. Hungerford, CPA

I (We) have read the above terms of the engagement letter and agree with the terms of it.

Client(s) Name _____

Signatures _____

Date _____



Root Canal. Taxes.

Fortunately, we can help you with the more painful of the two.

Tax Day for corporate filers is March 15, 2024

Tax Day for individual filers is Monday, April 15, 2024

Please use this checklist to guide you on what to provide to us in order for your tax returns to be prepared. Remember, everything reported on the return should be supported by tax documents or contemporaneous documents. Upload to your secure client portal. Call the office at 301-899-3300 if you need your portal setup or you have questions.

- ☐ **New tax clients only:** Name(s) & Social Security Number(s), Occupation(s), address, date(s) of birth, dependents (name, date of birth, social security number, and relationship). Provide copy of last filed return.
- ☐ **E-Mail Address:** We want to communicate with you electronically, please provide
- ☐ **Change in Filing Status and/or # of dependents in 2023?**
- ☐ **State Residency:** If your state residency changed during the year, what date residency state change?
- ☐ **Estimated Tax Payments Made in 2023 and those made by 1/16/2024:** amount and date(s) paid
- ☐ **An IRS online services account** lets you access most tax tools. Setup your IRS online account to track tax filings and more using this link: <https://www.irs.gov/individuals/secure-access-how-to-register-for-certain-online-self-help-tools>
- ☐ **Health Insurance Marketplace Statement:** Did you receive Form 1095-A (the Health Insurance Marketplace statement)? If you have not received your 1095-A, visit the Marketplace's website (healthcare.gov) for information on how to request a copy. It is recommended you wait until the form is received before filing your 2023 Tax Return to avoid (refund) processing delays.
- ☐ **IRS or State Agency notices:** provide copy of notices received

Income Information

- ☐ **W-2 Statements from Employer(s)**
- ☐ **Interest (Schedule B):** 1099-INT, 1099-OID or other statement showing interest or dividends.
- ☐ **Investments & Dividends (Schedule D):** Include your 1099-B and 1099-DIV and a copy of your end of year mutual fund(s) and/or brokerage account statement(s) for non-retirement accounts.
- ☐ **Rental Income (Schedule E):** If you received income from the rental of real property, summarize income, expenses and capital improvements. Examples of expenses: mortgage interest, real estate taxes, condo fees, repairs, yard maintenance, insurance and advertising for tenant. Please provide Form 1098.
- ☐ **Unemployment benefit or State Tax Refund:** If you received any state tax refunds or unemployment funding, provide the 1099-G.
- ☐ **Self-Employment (Schedule C):** Provide a summary of your income, business expenses, equipment purchases for the business, information on home office deduction (if applicable), business use of vehicle (if

applicable), and health insurance premiums (if applicable). Other expenses include: advertising, legal, supplies, rent, repairs & maintenance.

- ☐ **Social Security or Disability Benefits:** Provide the annual statement.
- ☐ **Retirement Benefits:** If you received pension or other retirement benefits, including early distributions, include 1099-R.
- ☐ **Sale of Residence:** Did you sell your principal residence during 2023? Did you live in this home for more than 2 years?
- ☐ **Cancellation of Debt:** If a creditor cancelled a debt you owed during 2023 in excess of \$600 provide 1099-C, *Cancellation of Debt*

Retirement Fund Information

- ☐ **Conversion to Roth IRA:** Provide the dollar amounts. Additionally, special rules may apply to conversion of nondeductible contributions to a traditional IRA into ROTH IRA.
- ☐ **Did you contribute any funds** to a traditional IRA or as SEP/IRA, or other type of deductible retirement plan (exclude tax free rollover) for the tax year 2023?
- ☐ **Did you withdraw any funds** from a traditional IRA, a SEP, a 401(k), a 403(b), nondeductible contributions to a traditional IRA, or other type of retirement plan (exclude tax free rollover)?
- ☐ **Did you borrow any funds** from a traditional IRA, a ROTH IRA, a SEP, a (401(k), a 403(b), nondeductible contributions to a traditional IRA, or other type of retirement plan (exclude tax free rollovers)? Were those funds paid back prior to the penalty period?

Credits, Adjustments & Itemized Deductions

- ☐ **Recovery Rebate Credit:** The IRS has issued all first, second and third Economic Impact Payments. Most eligible people already received their stimulus payments and won't be eligible to claim a Recovery Rebate Credit. If you believe you are missing a stimulus payment or got less than the full amount, you may be eligible to claim a Recovery Rebate Credit on the return. Provide Letter 6475 or visit www.irs.gov/account to retrieve information about how much has been received already.
- ☐ **Home mortgage interest, real estate taxes, points, closing costs:** Provide Form 1098 for each property. Inform us if you purchased and/or sold any properties during 2023.
- ☐ **Charitable Contributions:** Provide the receipt from charitable organization.
- ☐ **Unreimbursed Medical & Dental Expenses:** If you had a significant amount of medical or dental expenses that were not covered by insurance or paid by another party, you may be entitled to a tax deduction.
- ☐ **Domestic Help:** If you employ domestic help, you may be subject to additional tax and filing requirements as a household employer.
- ☐ **Education Expenses & Student Loan Interest:** Provide tax document reporting any tuition or other educational expenses paid.

Foreign Account Reporting

- ☐ **Foreign Bank Account:** Did you have an interest in or signatory authority over a financial account in a foreign country, such as a bank account or securities account? You may be required to report this to the IRS.
- ☐ **Foreign Gifts:** If you received gifts of money or other property from an individual who is not a resident of the United States, you may be required to report this to the IRS. Such gifts are reported on an informational return, not a tax return.

Business Activity

- ☐ General business information: name, address, description, and date business started
- ☐ Entity type (i.e. LLC, S Corporation, C Corporation, or Partnership)
- ☐ Bank statements for entire year
- ☐ Check stubs if cleared checks are not pictured on bank statements
- ☐ Electronic copy of file (i.e. QuickBooks)
- ☐ Profit and Loss, and Balance Sheet Statements
- ☐ Business use of home (provide square footage of home, square footage of business use area)

- Indirect expenses

Mortgage interest	\$
Real estate taxes	\$
Casualty losses	\$
Insurance	\$
Rent	\$
Repairs & maintenance	\$

- Direct expenses

Mortgage interest	\$
Real estate taxes	\$
Casualty losses	\$
Insurance	\$
Rent	\$
Repairs & maintenance	\$

- ☐ **Automobile Use**
 - Automobile mileage (provide total mileage for the tax year, business mileage, commuting mileage for the tax year)
 - Actual expenses (parking fees and tolls, gasoline, repair, tires, insurance)

- ☐ Loan received or issued documentation
- ☐ Form 1099-MISC
- ☐ Form 1099-NEC (Nonemployee Compensation). If you paid an individual or unincorporated entity (including LLCs) over \$600 and plan to deduct those costs as a business expenses, this form should be filed. NOTE: this has replaced Form 1099-Miscellaneous; which is now used to report rents, royalties, and other income.
- ☐ **Did you receive Paycheck Protection Program (PPP) Loan funding? Did you receive PPP Loan forgiveness?** PPP Loan (or forgiveness) documentation - Provide documentation supporting loan forgiveness and/or application status.