

PERRY PALETTA, CPA

Dear Client:

We are pleased to provide you with the professional services described below. This letter and the attached Terms and Conditions addendum confirms 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 your 2022 federal and state individual income tax returns based on the returns that you filed for the previous year.

We will not prepare any tax returns other than those identified above, without your written request, and our written consent to do so. We will rely upon the completeness and accuracy of the information and representations you provide to us to prepare your tax returns. 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 applicable state and local tax authorities. 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, 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. In addition, we are not responsible for identifying or communicating deficiencies in your internal controls. You are responsible for developing and implementing internal controls applicable to your operations.

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 tax return 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.

Perry Paletta CPA in its sole professional judgment, reserves the right to refuse to take any action that could be construed as making management decisions or performing management functions on your behalf.

Arguable positions

We will use our professional judgment to resolve questions in your favor where a tax law is unclear, provided that we have a reasonable belief that there is substantial authority 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 tax reference materials. Tax reference materials include, but are not limited to, the Internal Revenue Code (“IRC”), tax regulations, Revenue Rulings, Revenue Procedures, Private Letter Rulings, court cases, and similar state and local guidance. If the IRS, state or local tax authorities later contest the position you select, additional tax, penalties, and interest may be assessed. We assume no liability, and you hereby release us from any liability, including but not limited to, additional tax, penalties, interest, and related professional fees you may incur.

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 spouses 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. In the event we conclude that such services are necessary to prepare your tax returns, we will advise you in writing before services are performed and bill you for the required services. You agree to pay for those required services.

Estimated tax payments

You may be required to make quarterly estimated tax payments. We will calculate these payments for the tax year based upon the information you provide to prepare your tax returns (the “safe harbor” rule). Updating recommended payments to more closely reflect your actual current year’s income is not within the scope of this engagement. If you would like us to provide this service, and we agree to do so, we will confirm this update in a separate agreement.

Tax planning services

Tax planning services are not within the scope of this engagement. 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, and we agree to provide them to you, we will confirm this engagement in a separate agreement.

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, and we agree to represent you, we will confirm this engagement in a separate agreement.

Third-party requests

We will not respond to any request from banks, mortgage brokers or others for verification of any information reported on these tax returns. We do not communicate with third parties or provide them with copies of tax returns.

Client Responsibilities

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.

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, deductions, and other information on your returns, as required under applicable tax laws and regulations. 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 from any liability including but not limited to, 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. You are responsible for informing us if gift tax returns are required to be filed. If you ask us to prepare these returns, and we agree to prepare these returns, we will confirm this representation in a separate agreement.

Gifts received from foreign persons

If you received a gift or bequest from a foreign person or trust, you may be required to file a separate IRS Form 3520, *Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts* or Form 3520-A, *Annual Information Return of Foreign Trust with a U.S. Owner*. If you ask us to prepare this return, and we agree to prepare it, we will confirm this engagement in a separate agreement.

Personal expenses

You are responsible for ensuring that personal expenses, if any, are segregated from business expenses and that expenses such as meals, travel, vehicle use, gifts, and related expenses are supported by documentation and 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

On June 21, 2018, the U.S. Supreme Court reversed the long-standing physical presence nexus standard in *South Dakota v. Wayfair, Inc. et. al.* This decision significantly changed the landscape of sales and use tax compliance, especially for online sellers. If you wish to understand the impact of the decision on your business, please so advise and we will confirm this in a separate agreement.

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. 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. You acknowledge that the scope of our services under this Agreement does not include any services related to your compliance with tax obligations other than those identified in the *Engagement Objective and Scope* section of this Agreement. If you ask us to prepare any other returns, and we agree to do so, we will confirm this engagement in a separate agreement.

U.S. filing obligations related to foreign investments

Based on the information you provide, you may have additional filing obligations including but not limited to:

- Ownership of or an officer relationship with respect to certain foreign corporations (Form 5471);
- Foreign-owned U.S. corporation or domestic disregarded entity (Form 5472);
- Foreign corporation engaged in a U.S. trade or business (Form 5472);
- U.S. transferor of property to a foreign corporation (Form 926);
- U.S. person with an interest in a foreign trust (Forms 3520 and 3520-A);
- U.S. person with interests in a foreign partnership (Form 8865);
- U.S. person with interests in a foreign disregarded entity (Form 8858); or
- Statement of specified foreign assets (Form 8938).

You are responsible for informing us of all foreign assets owned directly or indirectly, including but not limited to financial accounts with foreign institutions, other foreign non-account investments, and ownership of any foreign entities, regardless of amount. 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.

Based upon the information you provide, we will use this data to inform you of any additional filing requirements, which may include FinCEN Form 114, *Report of Foreign Bank and Financial Accounts* (“FBAR”). 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, and we agree to prepare the FBAR, we will confirm this engagement in a separate agreement.

Failure to timely file the required forms may result in substantial civil and/or criminal penalties. By your signature below, you agree to provide us with complete and accurate information regarding any foreign investments in which you have a direct or indirect interest, or over which you have signature authority, during the above referenced tax year.

The foreign reporting requirements are very complex. If you have any questions regarding the application of the reporting requirements for your foreign interests or activities, please ask us and we will respond in writing. Only advice that is in writing may be relied upon. We assume no liability for penalties associated with the failure to file or untimely filing of any of these forms.

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.

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, 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

Our services will conclude upon the earlier of:

- the filing and acceptance of your 2022 tax returns by the appropriate tax authorities and mailing or delivery of non-electronically filed tax returns (if any) to you for your review and your filing with the appropriate tax authorities,
- written notification by either party that the engagement is terminated, or
- one (1) year from the execution date of this Agreement.

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.

Organizer and Miscellaneous

A detailed organizer to assist you in gathering your tax records and required information is available on our website: <http://www.paletta.net>

We will use your mailing zip code as your e-filing pin. Please also provide a copy of your (and your spouse) driving license(s) We will check the box to allow us to discuss your returns tax with the applicable tax authorities. We will use the same bank routing and account information as last year unless you inform us otherwise. Please provide us with any federal and state tax estimates you made for the tax year.

Professional Fee

Our fee for these services will be based upon the amount of time required at standard billing rates. I estimate my fee to be between \$375 for an individual tax return with single filing status to \$575 for a tax return with married filing jointly status. Tax returns that include business, rental or other complex schedules and forms are subject to additional fees. Please contact us for an estimated fee for your particular situation. You may terminate this engagement at any time. Should you do so, however, you remain liable for all unpaid fees as discussed above. We reserve the right to withdraw from this engagement at any time because of unpaid fees, the guidance of my professional standards, or for any other reason. We will notify you in advance of any decision by me to withdraw, and will take all reasonable steps to assist in the orderly transfer of your tax services. Otherwise, this engagement will be considered complete upon acceptance of your e-filed returns by the tax authorities. In the event that your returns are not e-filed, you will have final responsibility for mailing your returns to the applicable taxing authorities.

We require that all outstanding invoices be paid prior to releasing the completed tax returns. We do not release incomplete tax returns.

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We appreciate the opportunity to be of service to you. Please date and execute this Agreement and return it to us to acknowledge your acceptance. We will not initiate services until we receive the executed Agreement.

Very truly yours,



Perry Paletta CPA

ACCEPTED:

Taxpayer

Spouse

Date

Terms and Conditions Addendum

Overview

This addendum to the engagement letter describes our standard terms and conditions (“Terms and Conditions”) related to our provision of services to you. This addendum, and the accompanying engagement letter, comprise your agreement with us (“Agreement”). If there is any inconsistency between the engagement letter and this *Terms and Conditions Addendum*, the engagement letter will prevail to the extent of the inconsistency.

For the purposes of this *Terms and Conditions Addendum*, any reference to “firm,” “we,” “us,” or “our” is a reference to Perry Paletta CPA, and any reference to “you,” or “your” is a reference to the party or parties that have engaged us to provide services. References to “Agreement” mean the engagement letter or other written document describing the scope of services, any other

Electronic Data Communication and Storage

In the interest of facilitating our services to you, we may send data over the Internet, temporarily store electronic data via computer software applications hosted remotely on the Internet, or utilize cloud-based storage. Your confidential electronic data may be transmitted or stored using these methods. In using these data communication and storage methods, our firm employs measures designed to maintain data security. We use reasonable efforts to keep such communications and electronic data secure in accordance with our obligations under applicable laws, regulations, and professional standards.

You recognize and accept that we have no control over the unauthorized interception or breach of any communications or electronic data once it has been transmitted or if it has been subject to unauthorized access while stored, notwithstanding all reasonable security measures employed by us. You consent to our use of these electronic devices and applications during this engagement.

Client Portals

To enhance our services to you, we will utilize a portal which is a collaborative, virtual workspace in a protected, online environment. The portal permits real-time collaboration across geographic boundaries and time zones and allows Perry Paletta CPA and you to share data, engagement information, knowledge, and deliverables in a protected environment. \. You agree that we have no responsibility for the activities of the portal and agree to indemnify and hold us harmless with respect to any and all claims arising from or related to the operation of

Perry Paletta CPA is not a host for any of your information. You are responsible for maintaining your own copy of this information. We do not provide back-up services for any of your data or records, including information we provide to you. Portals are utilized solely as a method of transferring data and are not intended for the storage of your information. Information on a portal may be deleted by Perry Paletta CPA.

If you decide to transmit your confidential information to us in a manner other than a secure portal, you accept responsibility for any and all unauthorized access to your confidential information. If you request that we transmit confidential information to you in a manner other than a secure portal, you agree that we are not responsible for any liability, including but not limited to, (a) any loss or damage of any nature, whether direct or indirect, that may arise as a result of our sending confidential information in a manner other than a secure portal, and (b) any

damages arising as a result of any virus being passed on or with, or arising from any alteration of, any email message.

Records Management

Record Retention and Ownership

We will return any original records and documents you provide to us by the conclusion of the engagement. Our copies of your records and documents are solely for our documentation purposes and are not a substitute for your own records and do not mitigate your record retention obligations under any applicable laws or regulations. You are responsible for maintaining complete and accurate books and records, which may include financial statements, schedules, tax returns and other deliverables provided to you by us. If we provide deliverables or other records to you via an information portal, you must download this information within [X] days. Professional standards preclude us from being the sole repository of your original data, records, or information¹.

Workpapers and other documents created by us are our property and will remain in our control. Copies are not to be distributed without your written request and our prior written consent. Our workpapers will be maintained by us in accordance with our firm's record retention policy and any applicable legal and regulatory requirements. A copy of our record retention policy is [*attached for your reference or available upon request*].

Our firm destroys workpaper files after a period of 5 years. Catastrophic events or physical deterioration may result in damage to or destruction of our firm's records, causing the records to be unavailable before the expiration of the retention period, as stated in our record retention policy.

Working Paper Access Requests by Regulators and Others

State, federal and foreign regulators may request access to or copies of certain workpapers pursuant to applicable legal or regulatory requirements. Requests also may arise with respect to peer review, an ethics investigation, the sale of your organization, or the sale of our accounting practice. If requested, access to such workpapers will be provided under the supervision of firm personnel. Regulators may request copies of selected workpapers to distribute the copies or information contained therein to others, including other governmental agencies.

If we receive a request for copies of selected workpapers, provided that we are not prohibited from doing so by applicable laws or regulations, we agree to inform you of such request as soon as practicable. You may, within the time permitted for our firm to respond to any request, initiate such legal action as you deem appropriate, at your sole expense, to attempt to limit the disclosure of information. If you take no action within the time permitted for us to respond, or if your action does not result in a judicial order protecting us from supplying requested information, we may construe your inaction or failure as consent to comply with the request.

If we are not a party to the proceeding in which the information is sought, you agree to reimburse us for our professional time and expenses, as well as the fees and expenses of our legal counsel, incurred in responding to such requests.

Newsletters and Similar Communications

We may send newsletters, emails, explanations of technical developments or similar communications to you. These communications are of a general nature and should not be construed as professional advice. We may not send all such communications to you. These communications do not constitute a client relationship with you, nor do they constitute advice or an undertaking on our part to monitor issues for you.

Disclaimer of Legal and Investment Advice

Our services under this Agreement do not constitute legal or investment advice unless specifically engaged to provide investment advice in the *Engagement Objective and Scope* section of this Agreement. We recommend that you retain legal counsel and investment advisors to provide such advice.

Federally Authorized Practitioner – Client Privilege

Internal Revenue Code §7525, *Confidentiality Privileges Related to Taxpayer Communication*, provides a limited confidentiality privilege applying to tax advice embodied in taxpayer communications with federally authorized tax practitioners in certain limited situations.

This privilege is limited in several important respects. For example, the privilege may not apply to your records, state tax issues, state tax proceedings, private civil litigation proceedings, or criminal proceedings.

While we will cooperate with you with respect to the privilege, asserting the privilege is your responsibility. Inadvertent disclosure of otherwise privileged information may result in a waiver of the privilege. Please contact us immediately if you have any questions or need further information about this federally authorized practitioner-client privilege.

Limitations on Oral and Email Communications

We may discuss with you our views regarding the treatment of certain items or decisions you may encounter. We may also provide you with information in an email. Any advice or information delivered orally or in an email (rather than through a memorandum delivered as an email attachment) will be based upon limited research and a limited discussion and analysis of the underlying facts. Additional research or a more complete review of the facts may affect our analysis and conclusions.

Due to these limitations and the related risks, it may or may not be appropriate to proceed with a decision solely on the basis of any oral or email communication from us. You accept all responsibility, except to the extent caused by our gross negligence or willful misconduct, for any liability, including but not limited to additional tax, penalties or interest resulting from your decision (i) not to have us perform the research and analysis necessary to reach a more definitive conclusion and (ii) to instead rely on an oral or email communication. The limitation in this paragraph will not apply to an item of written advice that is a deliverable of a separate engagement. If you wish to engage us to provide formal advice on a matter on which we have communicated orally or by email, we will confirm this service in a separate engagement letter.

Electronic Signatures and Counterparts

Each party hereto agrees that any electronic signature is intended to authenticate a written signature, shall be valid, and shall have the same force and effect as a manual signature. For purposes hereof, "electronic signature" includes, but is not limited to, a scanned copy of a manual signature, an electronic copy of a manual signature affixed to a document, a signature incorporated into a document utilizing touchscreen capabilities, or a digital signature. Documents may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement.

Management Responsibilities

While Perry Paletta CPA can provide assistance and recommendations, you are responsible for management decisions and functions, and for designating an individual with suitable skill, knowledge or experience to oversee any services that Perry Paletta CPA provides. You are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services. You are ultimately responsible for establishing and maintaining

Statute of Limitations

You agree that any claim arising out of this Agreement shall be commenced within 3 year of the delivery of the work product to you, regardless of any longer period of time for commencing such claim as may be set by law. A claim is understood to be a demand for money or services, the service of a suit, or the institution of arbitration proceedings against Perry Paletta CPA.

Termination and Withdrawal

We reserve the right to withdraw from the engagement without completing services for any reason, including, but not limited to, non-payment of fees, your failure to comply with the terms of this Agreement, or as we determine professional standards require. If our work is suspended or terminated, you agree that we will not be responsible for your failure to meet governmental and other deadlines, or for any liability, including but not limited to, penalties or interest that may be assessed against you resulting from your failure to meet such deadlines.

If this Agreement is terminated before services are completed, you agree to compensate us for the services performed and expenses incurred through the effective date of termination.

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