

LAKE STEVENS TAX SERVICE  
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To: Our Tax and Business Clients

Re: Engagement for Services for 2017 tax return prepared in 2018

The purpose of this engagement letter is to outline your rights and responsibilities that you as a client must follow as well as Lake Stevens Tax Services involvement and commitment to you, our valued client. After signing this engagement letter, you are acknowledging and agreeing to the following statements and are agreeing to the following procedures with our firm to the best of your knowledge and understanding.

### TAX MATTERS

- ➔ That you understand that it is your responsibility to provide our firm with all of the information required to complete your tax return.
- ➔ That you have provided true, correct and complete information regarding your income as listed on the attached forms W-2, 1099's and/or attached written summaries. It is your responsibility to provide your expenses in a clear manner. LSTS will not be auditing these receipts. We will be reviewing them for their reasonableness. You will retain for four years, all documents, receipts, cancelled checks and other records required to substantiate the items of income and expenses which are claimed on your return.
- ➔ That you have maintained written documentation supporting all amounts, including logbooks and receipts. That you understand that if a question arises regarding the interpretation of tax law, and a conflict exists between the tax authorities' interpretation of the law, and other supportable positions, that Lake Stevens Tax Service will use our professional judgment in resolving these issues.
- ➔ As a client, it is your responsibility to contact us immediately if you discover additional information that will lead to a change in your return.
- ➔ It is your responsibility to contact us immediately if you receive any notice from the IRS. Please send us the notice immediately, and be sure NOT TO WRITE ON THE OFFICIAL IRS CORRESPONDENCE. LSTS reserves the right to charge a reasonable fee for assisting in handling and responding to any and all IRS letters and notices. Responding to an IRS notice may be subject to additional fees from LSTS.

### AUDITS

The climate within the IRS and the state taxing agencies is changing when it comes to audits. In our general area, the number of IRS audits has increased dramatically. Due to this rise, as always you need to exercise extreme caution and care in assembling and preparing your records for your tax appointment. The following are procedures that you are agreeing to and policies that Lake Stevens Tax Service will follow:

- You understand that all tax agencies have the right to examine your returns, and that you are ultimately responsible for retaining all the documentation and records which were used to compile your returns. This is especially important in the area of business travel, entertainment deductions, business use percentage of autos and home use, other depreciable assets, bartering & trading activities.
- If there is a direct error on the part of Lake Stevens Tax Service, we will pay that portion of the penalty that you are assessed by the IRS. We will not be responsible for compensating you for the interest that you might be charged. This is with the understanding that you let LSTS respond to all audits, letters and correspondence with the IRS. Any reimbursement for penalties will be considered only after all appeals and requested for abatement of penalties have been executed.
- That you understand that if your tax return is called for an audit, that you will be charged an audit fee. This fee is to assemble your completed records in the manner which is acceptable for an audit. You will be charged a reasonable hourly fee to prepare and represent you in your audit. The audit fee also includes the audit interview, assembling the organized data into our audit format and the actual audit which usually takes hours or perhaps days. If your records are not presented in an organized manner, LSTS reserves the right to bill out for our time to organize your records. If the audit results in our need to take your case to appeals, there will be a separate engagement letter and a negotiated fee. Upon receipt of the audit notice, we will do our audit review and then determine the audit fee.

## FEES

The tax preparation fee that we will charge covers the following services:

- Tax preparation appointment and preparation of your 2017 personal and/or business tax return.
- Electronic filing of the federal return.
- A PDF copy for your files and if you file manually, copy for the IRS.
- Year-round service to answer your questions by phone, mail and/or e-mail. In depth analysis and/or office visits, might result in some additional fees.

Due to the ever-increasing demands on our special services by client's and third-party agencies, there are additional fees for extra services. As a client of Lake Stevens Tax Service, you are agreeing to the following fees and payment procedures:

- Your tax preparation fee is to be paid at the time of service only.
- ANY fee that is not paid within a 30 DAY period is subject to being turned over to our collection agency and then additional fees and legal expenses will be added to your original invoice.
- If you do not call prior to 24 HOURS of any scheduled tax and/or business Appointment to cancel or reschedule, we will be billing you our standard cancellation fee of \$95.

 If you request an additional copy of your tax return, we will bill you at a rate of \$25 per year per copy. The cost to E-mail a copy of the return to you will be \$15 per year. We cannot fax or e-mail to a third party due to disclosure rules set by the IRS. The IRS charges \$56 and takes 4-6 weeks if you want them to provide a copy.

 If you need a letter written to a financial institution verifying your business tax return, there is a minimum fee of \$75. An in-depth analysis of your tax return will be billed at a minimum fee of \$ 140 per year per request.

 If your tax situation changes and you need a consultation or review of your upcoming tax return (i.e. starting a new business or selling investment property) LSTS reserves the right to charge a minimum fee of \$75.

 If your records need to be organized and totaled, it is up to the discretion of your preparer whether LSTS or you will be organizing this data due to time constraints. There will be a per hour fee for organizing your receipts to prepare your return.

 Audit fee will be determined on a case by case basis.

 Additional fees may be assessed for other extra services.

- ✓ College financial aide forms
- ✓ Senior citizen property tax exemption form
- ✓ IRS negotiation of payments on past tax debts
- ✓ Offer in compromises - to settle past IRS tax debts
- ✓ Sales tax reports
- ✓ Setting up a new business with license application is \$25 and consultation will be \$75

### 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 individuals 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.

### Third-party verification 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 will prepare the above-referenced tax returns solely for filing with the Internal Revenue Service (“IRS”) and state and local tax authorities as identified above. Our work is not intended to benefit or influence any third party, either to obtain credit or for any other purpose.

### ***Divorce***

*If you inform us of your pending divorce, we will advise each of you to seek independent tax advice. As you may have conflicting interests you will both be required to sign a conflict of interest waiver.*