



## **INDIVIDUAL CLIENT ENGAGEMENT AGREEMENT**

This letter is to confirm our understanding of the terms and objectives of our tax services engagement and to clarify the nature and limitation of the tax services to be performed. The engagement between you and our firm will be governed by the terms of this agreement.

We will prepare the federal and state individual income tax returns for calendar year 2022. We will not prepare any tax returns other than those identified above, without your written request or 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.

We are only responsible for preparing the returns listed herein. Our fee does not include responding to inquiries or examination by taxing authorities. In the event of an examination, we may represent you or we may advise that your interests would be better served by another representative whose expertise is in the area of tax representation.

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.

**Due to the high volume of tax returns prepared by our firm, you must provide all the information needed to prepare the tax returns no later than March 28<sup>th</sup>, in order to ensure that we have sufficient time to prepare the returns by the original filing deadline of April 18<sup>th</sup>.**

It may become necessary to apply for an extension of the filing deadline if there are unresolved issues or delays in processing, or if we do not receive all of the necessary information from you on a timely basis. Applying for an extension of time to file may extend the time available for a government agency to

undertake an audit of your return or may extend the statute of limitations to file a legal claim. All taxes owed are due by the original filing due date.

We will provide questionnaires and worksheets in a tax organizer to guide you in gathering the information we need to prepare your income tax returns. Please complete the organizer provided as you gather data for your income tax returns. A properly completed organizer will minimize potential errors, help hold down the cost of preparing your returns, and generally allow us to serve you better.

You are responsible for reporting foreign activities. By signing this letter, you acknowledge that you will inform us if you have income from foreign sources or if you have signatory authority over any foreign account. If you are unsure whether income or an account is foreign, we will review it. Note that the civil and/or criminal penalties for failure to report foreign activities are severe.

The foreign reporting requirements are 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.

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.

All returns are potentially subject to examination by the taxing authorities. In the event of an audit, you may be required to produce the documents, records, or other evidence to substantiate the items of income and deduction that you provided to us in the organizer, and which show on the tax return. When your information is returned to you, it is your responsibility to retain and protect it for possible future use.

You are responsible for maintaining adequate documentation to substantiate the accuracy and completeness of your tax return. 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 disallowance of tax deductions due to inadequate documentation.

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.

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, we will explain the possible positions which may be taken on your return. We will follow whatever position you request on your return, so long as it is not inconsistent with the codes, regulations, and interpretations that have been promulgated. If the taxing authority should later contest the position taken, there may be an assessment of additional tax plus interest and possibly penalties. We assume no liability for any such additional penalties or assessments.

If a joint return is prepared, tax returns and copies of all supporting documentation will be made available to either spouse or partner without the consent or notification of the other spouse or partner. Both spouses or partners 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.

We may deem it necessary to provide you with accounting and bookkeeping assistance solely for the purpose of preparing the tax returns. 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.

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.

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.

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, substantial understatement of tax, and underpayment of taxes. You, as the taxpayer, remain responsible for the payment of all tax, penalties, and interest charges imposed by tax authorities.

Billings for tax services are generally based on a variety of factors including complexity, state of information provided to us, time spent plus any out-of-pocket expenses. In addition, this fee depends upon the timely delivery, quality, and completeness of the information you provide us. You agree that you will deliver all records requested and respond to all inquiries made by our staff to complete this engagement on a timely basis. You agree to pay all fees and expenses incurred whether or not we prepare the tax return. **Our minimum fee for individual income tax preparation is \$500.** Invoices for services are due upon receipt. You will become a cash-only client, required to prepay a cash deposit for all services in advance if you fail to pay in a timely fashion.

If the tax services and terms outlined are in accordance with your understanding of our engagement, please sign the enclosed copy of this letter in the space provided and return it to us. We appreciate the

opportunity to serve you. If you have any questions or need any additional information, please do not hesitate to call.

We look forward to working with you!

Sincerely,

Townsend Tax Services

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Signature – Taxpayer & Spouse

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Date

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Printed Name(s)

2022 Individual Tax Organizer



The IRS matches information returns/forms with amounts reported on tax returns. Accordingly, all information returns reflecting amounts reported to the IRS are also mailed/delivered to taxpayers in an envelope clearly marked "IMPORTANT TAX DOCUMENTS ENCLOSED". These forms should be submitted with this organizer. A list of forms is below, please keep in mind that this list is not exhaustive but rather only the more common forms.

Table with 4 columns: Form Number, Description, Form Number, Description. Includes W-2 Wages, 1099-NEC Nonemployee Compensation, etc.

Also enclosed is an engagement letter which explains the services we provide to you. Please sign and return a copy with this organizer. Preparation of your return cannot begin without a signed copy on file. The filing deadline for your income tax return is April 18, 2023. In order to meet this filing deadline, your completed tax organizer and forms need to be received by our office no later than March 28, 2023.

Taxpayer's (Tp) Full Name
Social Security Number
Occupation
Date of Birth

Spouse's (Sp) Full Name
Social Security Number
Occupation
Date of Birth

Home Address
City, State and Zip Code

Preferred Contact Information
Tp cell/home/work
Sp cell/home/work (circle one)
Email

Authorization to text reminders to taxpayer or spouse
Authorization to email tax information & returns
Initial or enter "Opt Out"

Taxpayer signature & date
Spouse signature & date

Dependents Who Lived With You

Full Name	Social Security Number	Date of Birth	Relationship

Driver's License Information (needed to electronically file)

State & ID Number	Issue Date	Expiration Date
TP		
SP		

Please answer the following questions and submit details for any question answered Yes:

YES	NO
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- 1 Did any births, adoptions, marriages, divorces or deaths occur in your immediate family during 2022?
- 2 Are either the taxpayer or spouse legally blind?
- 3 Has your address changed from the prior year's tax return? If so, please provide your new address and the date you moved. \_\_\_\_\_
- 4 Did any of your dependents earn income of any kind in 2022, interest or dividends, wages, or any other income? If a dependent has filed a tax return for 2022, provide a copy.
- 5 Were there any changes in dependents from the prior year?
- 6 Did you have any dependents who did not live with you during 2022?
- 7 Are you entitled to a dependency exemption due to a divorce decree?
- 8 Did you receive any wages from an employer? If so, include all Form(s) W-2.  
If yes, did you receive any tip income not reported to your employer? How much? \_\_\_\_\_
- 9 Did you earn any interest or dividend income in 2022? If so, include all Form(s) 1099-INT or DIV.  
If yes, was any of the income tax-exempt and not reported on Forms 1099-INT or DIV?
- 10 Did you incur any capital gains or losses from the sale of assets? If so, include all Form(s) 1099-B.
- 11 Did you receive any income from any legal proceedings, cancellation of student loans or any other debt?
- 12 Did you receive any disability or unemployment income in 2022? For unemployment income, provide Form 1099-G.
- 13 Did you receive any social security benefits during 2022? If so, provide Form SSA-1099.
- 14 Did you receive or pay any alimony during the year? If yes, please provide details including the social security number and name of the recipient/payor.  
\_\_\_\_\_

- 15** Did you have any foreign income, pay any foreign taxes, or file any foreign information reporting or tax return forms? If yes, provide details including copies of any foreign returns filed.
- 16** Did you have any interest in, or signature or other authority over a bank, securities or other financial account in a foreign country during 2022?
- 17** Were you the grantor, transferor, or beneficiary of a foreign trust during 2022?
- 18** Did you make any gifts during the year that exceeded \$16,000 per person?
- 19** Did you receive any distributions from pension, annuities, or IRAs? If so, include Form(s) 1099-R.
- 20** Did you receive any distributions from an IRA or other qualified plan that was partially or totally rolled over into another IRA or qualified plan within 60 days. If yes, include Form 1099-R.
- 21** Did you convert any funds from a traditional IRA into a Roth IRA? If yes, include Form 1099-R.
- 22** Did you sell or purchase any real estate in 2022? If yes, provide the closing statement HUD-1 and Form 1099-S.  
If the sale was your personal residence, did you own and live in it for two of the last five years?  
If the sale was a rental or investment property, was the sale part of a 1031 exchange?
- 23** During 2022, did you have any securities that became worthless or loans that became uncollectible?
- 24** Did you have any casualty or theft losses during 2022 in a federally declared disaster area?
- 25** Did you or do you plan to contribute before April 18, 2023 to a health savings account (HSA) for 2022? If yes, provide details including Form 1099-SA.
- 26** Did you take any distributions from an HSA during 2022? If yes, were the amounts distributed used for qualified medical expenses?
- 27** Were you granted or did you exercise any stock options during 2022?  
If yes, were any of the stocks restricted?
- 28** Did you pay any household employee wages of \$2,400 or more during 2022?
- 29** Did you acquire or dispose of any interests in partnerships, LLCs, S corporations, estates or trusts in 2022? If yes, provide copies of Schedule K-1.
- 30** Did you start a business during 2022 ? If yes, provide details.
- 31** Did you incur any expenses as an elementary or secondary educator? If so, how much?
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- 32** Have you or would you like to make a contribution to a retirement account, such as an IRA or if self-employed a SEP prior to April 18, 2023 for 2022?
- 33** Did you pay for child care expenses for any dependents so that you could work during 2022?  
If yes, provide details including the name, address & tax identification number of the care provider.
- 34** Did you or any other family member pay for any post-secondary educational expenses in 2022?  
If yes, provide Form 1098-T.  
Was any of the tuition paid with funds withdrawn from a 529 Plan or Coverdell?  
If yes, provide Form 1099-Q.

- 35** Did you have a virtual currency (such as bitcoin) and/or did you engage in any virtual currency transactions during 2022?
- 36** Do you have a federal IP PIN for 2022? If so, please provide that to us.
- 37** If you have an overpayment of federal or state income tax and would like to receive a refund, do you want the refund deposited directly into your bank account? If yes, enclose a voided check for the account.
- 38** Do you expect any fluctuations in your income, deductions or withholding in 2023?
- 39** Has the IRS or any state or local taxing authority notified you of any changes to a prior year's tax return? If yes, provide copies of all notices and correspondence received.
- 40** If you received a PPP (Paycheck Protection Program) or EIDL (Economic Injury Disaster) loan, were any portion of the proceeds forgiven in 2022?
- 41** Did you or any member of your family enroll in health insurance coverage through the Health Insurance Marketplace at [healthcare.gov](https://healthcare.gov) under the Affordable Care Act? If yes, enclose Form 1095-A *Health Insurance Marketplace Statement*.



If any of the schedules following do not pertain to your tax situation, mark them N/A.

Estimated Tax Payments for 2022	Federal		State	
	Date Paid	Amount	Date Paid	Amount
1st Qtr due 4/15/22				
2nd Qtr due 6/15/22				
3rd Qtr due 9/15/22				
4th Qtr due 1/15/23				

**Itemized Deductions**

Medical Expenses

List below any out of pocket medical expenses not paid with pre-tax dollars. Expenses paid with pre-tax dollars (cafeteria plans or health savings accounts for instance) are not deductible.

- Premiums for health insurance including Medicare \_\_\_\_\_
- Long term care premiums: Taxpayer \_\_\_\_\_ Spouse \_\_\_\_\_
- Prescription medicine and drugs \_\_\_\_\_
- Doctors, dentists, nurses \_\_\_\_\_
- Hospitals, clinics, laboratories \_\_\_\_\_
- Eyeglasses or eye surgery \_\_\_\_\_
- Ambulance \_\_\_\_\_
- Medical supplies or equipment \_\_\_\_\_
- Travel miles \_\_\_\_\_
- Other - please list \_\_\_\_\_
- Insurance reimbursements received \_\_\_\_\_

Taxes

State & local tax payments made in 2022 for prior years \_\_\_\_\_  
Real estate taxes for personal residences \_\_\_\_\_  
Personal property taxes \_\_\_\_\_  
Sales tax on major purchases (auto, boat, etc.) \_\_\_\_\_  
Other taxes - please list \_\_\_\_\_

Interest

Mortgage interest - include Form(s) 1098 \_\_\_\_\_  
Points paid on residential refinance \_\_\_\_\_  
Student loan interest - include Form(s) 1098-E \_\_\_\_\_  
Investment interest (i.e. margin interest) \_\_\_\_\_  
Business interest not reported elsewhere \_\_\_\_\_

Contributions

*Cash contributions - for amounts under \$250 receipts (canceled check, credit card statement) are required; for amounts over \$250, written acknowledgment from the charity is required.*

Donee	Amount

*Non-cash contributions - please enclose receipts. For contributions over \$5,000, include copy of appraisal.*

Donee	Fair Market Value (generally thrift shop value)

If you perform volunteer work for a charitable organization, please provide the below:

Auto mileage \_\_\_\_\_ Other out-of-pocket expenses \_\_\_\_\_  
Parking fees & tolls \_\_\_\_\_ Long distance transportation \_\_\_\_\_  
Supplies \_\_\_\_\_ Long distance lodging & meals \_\_\_\_\_

**Business Income - Sch C**

Complete a separate schedule for each business. Do not complete this for any activity for which a business tax return is filed.

Who owns this business - taxpayer, spouse or joint? \_\_\_\_\_

Principal Business \_\_\_\_\_

Business Name \_\_\_\_\_

Tax Identification # \_\_\_\_\_

Business Address \_\_\_\_\_

*(If different from your home address)*

YES	NO
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- 1 Did you materially participate in the operation of the business?
- 2 Did you deduct expenses for the business use of your home? If yes, complete the home office schedule in this organizer.
- 3 Did you pay any health insurance premiums during the year? If so, how much. \_\_\_\_\_
- 4 Were any assets sold or purchased during the year? If yes, complete the asset schedule in this organizer.
- 5 Was the business still in operation at the end of 2022?
- 6 Did you make any payments during the year that would require you to file Forms 1099? For example, payments exceeding \$600 to any unincorporated vendors. If yes, did you file the forms?

Complete the attached schedule of income and expenses for the business or attach a worksheet summarizing the same.

**Income**

Gross Receipts \_\_\_\_\_

Returns or allowances \_\_\_\_\_

Other income - list type and amount \_\_\_\_\_

**Cost of Goods Sold**

Inventory at beginning of the year \_\_\_\_\_

Purchases \_\_\_\_\_

Cost of labor \_\_\_\_\_

Materials & supplies \_\_\_\_\_

Other Costs \_\_\_\_\_

Inventory at the end of the year \_\_\_\_\_

**SCH C continued**

**Expenses**

- Advertising \_\_\_\_\_
- Bad debts from sales \_\_\_\_\_
- Auto expenses (complete auto worksheet following)
- Commissions and fees \_\_\_\_\_
- Depreciation \_\_\_\_\_
- Employee benefits \_\_\_\_\_
- Retirement contribution \_\_\_\_\_
- Insurance \_\_\_\_\_
- Interest \_\_\_\_\_
- Legal & professional fees \_\_\_\_\_
- Office expense \_\_\_\_\_
- Rent \_\_\_\_\_
- Lease expense \_\_\_\_\_
- Repairs & maintenance \_\_\_\_\_
- Supplies \_\_\_\_\_
- Taxes & licenses \_\_\_\_\_
- Travel \_\_\_\_\_
- Meals & entertainment \_\_\_\_\_
- Utilities \_\_\_\_\_
- Wages (enclose form W-3 & W-2s) \_\_\_\_\_
- Other expenses - list by type \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Assets Purchases & Disposals**

Purch/Disp Date	Description of Asset	Cost / Sale price

**Home Office Expenses**

For Sch C, rentals or unreimbursed partner expenses? \_\_\_\_\_

Total square footage of house \_\_\_\_\_

Square footage of business use \_\_\_\_\_

If you own the home complete the following:

Date of Purchase \_\_\_\_\_

Purchase Price \_\_\_\_\_

YES	NO
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Have you previously taken a home office deduction for this residence?

If yes, provide copies of the most recent depreciation schedule.

Expenses to be prorated:

Mortgage interest \_\_\_\_\_

Real estate taxes \_\_\_\_\_

Rent (if you do not own the home) \_\_\_\_\_

Utilities \_\_\_\_\_

Insurance \_\_\_\_\_

Repairs & maintenance \_\_\_\_\_

Other expenses - list by type \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Automobile Expenses**

Complete a separate schedule for each vehicle

For Sch C, rentals or unreimbursed partner expenses? \_\_\_\_\_

YES	NO
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1 Did you acquire, lease or dispose of a vehicle used for business during 2022?

2 Do you have another vehicle available for personal use?

3 Do you have evidence to support your deduction such as a mileage log?  
If so, is the evidence written?

4 Was this vehicle ever used previously for business?  
If yes and actual expenses were deducted, provide the most recent depreciation schedule.

Vehicle description _____	Business miles <b>prior to 7/1/22</b> _____
Date placed in service _____	Business miles <b>on or after 7/1/22</b> _____
Purchase price _____	Total commuting miles _____
Lease term, if applicable _____	Total miles driven in 2022 _____

Actual expenses

Gas & oil _____	Taxes & tags _____
Repairs _____	Interest expense _____
Insurance _____	Parking & tolls _____
Lease payments _____	Other _____

**Rent & Royalty Income**

Complete a separate schedule for each rental property.

YES	NO
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- 1 Did you actively participate in the operation of the rental property during the year?
- 2 Did you make any payments during the year that would require you to file Forms 1099?  
If yes, did you file the forms?
- 3 Is this the first year we are preparing your return? If yes, provide the prior depreciation schedule.
- 4 Is this a new property purchased in 2022? If yes, provide the purchase closing statement (HUD-1).
- 5 Was the property sold during the year? If yes, provide a copy of the closing statement.  
Was the sale part of a 1031 exchange? If yes, provide a copy of the closing statement for the new prop.
- 5 Is this property a self-rental? For example, an entity you have ownership in is renting the property.

- 6 Were there any days during the year that you personally used the property?  
If yes, please provide:

# of days the property was occupied by you or a member of your family	_____
# of days the property was not occupied	_____
# of days during which the property was being repaired	_____
# of days the property was rented at fair market value	_____

Description of property \_\_\_\_\_

Location of property \_\_\_\_\_

Type of property: residential, commercial or royalty \_\_\_\_\_

**Income**

Rents received \_\_\_\_\_

Royalties received \_\_\_\_\_

Security deposits received \_\_\_\_\_





