

**L.A. Tax Service, LLP**  
**8350 MELROSE AVE. 2<sup>ND</sup> FL. #202**  
**LOS ANGELES, CA 90069**  
**TEL: (323) 658-5271**  
**FAX: (323) 658-1114 (323) 395-5900**

**L. A. TAX SERVICE, LLP**  
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Client Name: \_\_\_\_\_

Dear Client,

We appreciate the opportunity to work with you. To minimize the possibility of a misunderstanding between us, we are setting forth pertinent information about the services we will perform for you.

We will prepare your 2022 Federal and California state individual income tax returns from information you furnish us, and we may process them with an outside computer service. We will not audit or otherwise verify the data you submit, although we may ask you to clarify some of the information. We will furnish you with questionnaires to help you gather and organize the necessary information for us, in order to keep our fee to a minimum. If you have an outstanding balance owed to our office payment in full will be required in order to begin/file your returns.

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, and related expenses and the required documents to support charitable contributions all checks and acknowledgement letters for \$250 and above. 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 them to the tax authorities. We are not responsible for the disallowance of doubtful deductions or inadequately supported documentation, nor for resulting taxes, penalties and interest.

Professional standards now require us to electronically file all federal and California state individual income tax returns (“e-filing”). However, you do have the right to “opt out” of the e-filing program. Please notify our firm immediately should you desire not to have your return e-filed so that we may provide you with the form(s) necessary for opting out of the e-file program. Please note that unless you notify us of your desire to not e-file your return, we will prepare your return to be e-filed.

We must receive all information to prepare your return by 03/25/2023, to ensure that your return will be completed by April 15, 2023. If we have not received all of your information by 03/25/2023, and your return is not completed by April 15, 2023 you may be subject to late filing or late payment penalties.

Although e-filing requires both you and our firm to complete additional steps, the same filing deadlines will apply. You must therefore ensure that you complete the additional requirements well before the due dates in order for our firm to be able to timely transmit your return. We will provide you with a PDF copy of the income tax returns for your review prior to electronic transmission.

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If you require a paper copy please let us know. After you have reviewed the returns, you must provide us with a signed authorization indicating that you have reviewed the return and that, to the best of your knowledge, you feel it is correct. We cannot transmit the returns to the taxing authorities until we have the signed authorization. Therefore, if you have not provided our firm with your signed authorization by 04/01/2023 we will place your return on extension\*\* even though it might already have been completed. In that event, you will be responsible for ensuring that any payment due with the extension is timely sent to the appropriate taxing authorities. You will also be responsible for any additional costs our firm incurs arising from the extension preparation.

**\*\*Initial here \_\_\_\_\_ to approve of the extension filing and fee of \$100.**

Finally, please note that although our firm will use our best efforts to ensure that your returns are successfully transmitted to the appropriate taxing authorities, we will not be financially responsible for electronic transmission or other errors arising after your return has been successfully submitted from our office.

We are responsible for preparing only the returns listed above. Our fee does not include responding to inquiries or examination by taxing authorities. However, we are available to represent you. Our fees for such services are at our standard rates and would be covered under a separate engagement letter.

We will use our judgment to resolve questions in your favor where a tax law is unclear if there is a reasonable justification for doing so. Whenever we are aware that a possibly 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. In accordance with our professional standards, we will follow whatever position you request, as long as it is consistent with the codes, regulations, and interpretations that have been promulgated. If the IRS should later contest the position taken, there may be an assessment of additional tax plus interest and penalties. Currently, the IRS and state taxing agencies are aggressive in assessing penalties. We assume no liability for any such additional penalties or assessments. In the event, however, that you ask us to take a tax position that in our professional judgment will not meet the applicable laws and standards as promulgated, we reserve the right to stop work and shall not be liable to you for any damages that occur as a result of ceasing to render services.

**Reminder:** California requires health insurance beginning January 1, 2021. In general, a taxpayer who fails to secure health insurance will face a penalty when filing their 2022 tax return in 2022. To find out more about health insurance options and financial assistance, visit [coveredca.com](http://coveredca.com)

**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 a 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). For example, a corporate-owned foreign account would require filings by the corporation *and* by the individual corporate officers with signature authority. Failure to disclose the required information to the U.S. Department of the Treasury may result in substantial civil and/or criminal penalties.**

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**If you and/or your entity have a financial interest in any foreign accounts, you are responsible for providing our firm with all the information necessary to prepare Form TD-F-90-22.1 required by the U.S. Department of the Treasury in order for the form to be received by the Department on or before April 15 of each tax year.**

**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 disclosure statements.**

**In addition, the Internal Revenue Service also requires information reporting under applicable Internal Revenue Code sections and related regulations, and the respective IRS tax forms are due when your income tax return is due, including extensions. The IRS reporting requirements are in addition to the U.S. Department of the Treasury reporting requirements stated above. Therefore, if you fall into one of the below categories, or if you have any direct or indirect foreign interests, you may be required to file applicable IRS forms.**

- **You are an individual or entity with ownership of foreign financial assets and meet the specified criteria (Form 8938);**
- **You are an officer, director or shareholder with respect to certain foreign corporations (Form 5471);**
- **You are a foreign-owned U.S. corporation or foreign corporation engaged in a U.S. trade or business (Form 5472);**
- **You are a U.S. transferor of property to a foreign corporation (Form 926);**
- **You are a U.S. person with an interest in a foreign trust (Forms 3520 and 3520-A); or**
- **You are a U.S. person with interests in a foreign partnership (Form 8865).**

**Failure to timely file the appropriate forms with the U.S. Department of the Treasury and the Internal Revenue Service may result in substantial monetary penalties. By your signature below, you accept responsibility for informing us if you believe that you may have foreign reporting requirements with the U.S. Department of the Treasury and/or Internal Revenue Service, you agree to timely provide us with the information necessary to prepare the appropriate form(s). We assume no liability for penalties associated with the failure or untimely filing of any of these forms.**

Federal law has extended the attorney-client privilege to some, but not all, communications between a client and the client's CPA. The privilege applies only to non-criminal tax matters that are before the IRS or brought by or against the U.S. Government in a federal court. The communications must be made in connection with tax advice. Communications solely concerning the preparation of a tax return will not be 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 any privileged information to a third party.

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.

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Fees for our services will be at our standard rates plus computer charges and out-of-pocket expenses. Payment for service is due when rendered and interim billings may be submitted as work progresses and expenses are incurred. **Your tax return preparation fee must be paid before your return is to be filed.**

We reserve the right to stop work on any account that is 90 days past due, in accordance with our firm's stated collection policy. Any account delinquent for more than 90 days may result in collections proceedings

\_\_\_\_ **I understand my tax return fee must be paid in full (including any prepaid audit fees related initial to this return) and I must have no outstanding balance before my return is filed.**

You acknowledge and agree that L.A. TAX Service, LLP is not required to continue work in the event of failure to pay within 90 days from date of oldest outstanding invoice. You further acknowledge and agree that in the event we stop work or withdraw from this engagement as a result of failure to pay within 90 days from date of oldest outstanding invoice, L.A. TAX Service, LLP shall not be liable to you for any damages resulting from our cessation of services and L.A. TAX Service, LLP has the right to take Legal action and refer your account to collections.

It is our policy to keep records related to this engagement for five years. However, L.A. Tax Service, LLP does 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 your records for possible future use, including potential examination by any government or regulatory agencies.

#### **OUR ACCOUNTING AND BOOKKEEPING ASSISTANCE IS LIMITED**

While we will render the accounting and bookkeeping assistance, we find necessary for preparing the income tax return(s), our work in connection with the preparation of your income tax return(s) does not include any procedures designed to discover defalcations or other irregularities, should any exist.

#### **WE ARE NOT INVESTMENT ADVISORS**

We are not investment counselors, brokers or stock agents. We can only advise you on the tax implications of an investment in light of today's tax laws and economy. From time to time during our relationship, you may seek our advice with regard to 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.

Our advice regarding the tax ramifications of the investment shall be based on documents and information that you provide us regarding the investment. It is specifically understood and agreed that we will not undertake any independent due diligence investigation regarding the investment and that we may rely on the accuracy of the documents and information that you provide us in rendering our opinion about the tax ramifications of the investment.

Our advice concerning any particular investment shall be limited to advising you with regard to the tax ramifications of the investment. It shall not include advising you regarding the economic viability or consequences of the investment or whether or not you should make the investment. You agree not to rely on any statement or opinion made by us with regard to the investment in coming to a decision regarding the economic viability or consequences of that investment or regarding whether or not to make that investment.

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**CLASSIFICATION OF WORKERS:**

We do not give legal advice on classification of workers. Please consult your Labor Attorney.

**NON-LICENSE OWNER**

From time to time, an owner of our firm who is not licensed as a CPA in California may participate in providing Services to you.

If any dispute arises among the parties hereto, the parties agree to first try in good faith to settle the dispute by mediation administered by the American Arbitration Association <or other association> under its Rules for Professional Accounting and Related Services Disputes before resorting to litigation. Costs of any mediation proceeding shall be shared equally by all parties.

Client and accountant both agree that any dispute over fees charged by the accountant to the client will be submitted for resolution by arbitration in accordance with the Rules for Professional Accounting and Related Services Disputes of the American Arbitration Association <or other association>. Such arbitration shall be binding and final. IN AGREEING TO ARBITRATION, WE BOTH ACKNOWLEDGE THAT, IN THE EVENT OF A DISPUTE OVER FEES CHARGED BY THE ACCOUNTANT, EACH OF US IS GIVING UP THE RIGHT TO HAVE THE DISPUTE DECIDED IN A COURT OF LAW BEFORE A JUDGE OR JURY AND INSTEAD WE ARE ACCEPTING THE USE OF ARBITRATION FOR RESOLUTION.]

**If the above fairly sets forth your understanding, please sign the enclosed copy of this letter and return it to us. Please note that you are affirming to L.A. TAX SERVICE, LLP your understanding of, and agreement to, the terms and conditions of this engagement letter by any one of the following actions: returning your signed engagement letter to our firm; returning your income tax information to us for use in the preparation of your returns; the submission of the tax returns we have prepared for you to the taxing authorities; or the payment of our return preparation fees.**

We are pleased to have you as a client and look forward to a long and mutually satisfying relationship.

Sincerely,

L.A. TAX SERVICE, LLP

Approved:

\_\_\_\_\_  
Client

L. A. Tax Service, LLP 8350 Melrose Avenue, Suite #202 L.A. CA 90069

Tel: (323) 658-5271 Fax: (323) 395-5900

Name: \_\_\_\_\_ Date: \_\_\_\_\_

**Prepaid Audit** and/or Correspondence Representation and Hourly Rates.  
Automatically charged unless rejected below!

**Prepaid Audit Representation is an amount paid now to cover fees that would be charged in the event of an audit and/or correspondence with the IRS and/or the FTB.**

**The Internal Revenue Service has three years, and the State has four years in which to audit your tax return. Audit Representation Fees are for both Federal and State combined.**

**Be aware, you are responsible for gathering and doing the basic organizing of your receipts.**

**Prepaid audit and/or correspondence representation is a small amount up front that covers all our fees if your return is selected for audit.**

- |  |       |
|--|-------|
| <input type="checkbox"/> 1040EZ, 1040A, 1040 standard deduction  | \$55  |
| <input type="checkbox"/> 1040 itemized   | \$155 |
| <input type="checkbox"/> 1040 itemized and Schedule C  | \$185 |
| <input type="checkbox"/> There is a \$60 charge for each additional Schedule C, E, etc. \$60 x _____ = \$_____ |       |

**PLEASE INITIAL**

\_\_\_\_\_ I Decline Prepaid Audit and/or correspondence representation. I will be billed for audit or correspondence response, work at hourly rates:

\$450 per hour for partner

\$250 per hour for staff level I

\$150 per hour for staff level II

**Our hourly rates are charged for Quickbooks or Quicken support, letters to lenders, County or City Tax, Financial Statements and any other accounting work as needed.**

<b>IF CORRESPONDENCE RESULTS IN AN AMENDED TAX RETURN BEING REQUIRED DUE TO CLIENT OMISSION, AN ADDITIONAL FEE BASED ON THE AMOUNT OF WORK WILL BE BILLED</b>
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**Business management and regular monthly work is done at a fixed or hourly rate depends on the amount of work and is determined on a client-by-client basis.**

**Prepaid audit is not in effect, until payment for tax preparation fee has been paid or is received in full along with this form in addition to fee circled above.**

**PLEASE FILL OUT THE FOLLOWING INFORMATION.**

NAME: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

\_\_\_\_\_

Home # (\_\_\_\_\_) \_\_\_\_\_ Work # (\_\_\_\_\_) \_\_\_\_\_

CELL# (\_\_\_\_\_) \_\_\_\_\_ FAX# (\_\_\_\_\_) \_\_\_\_\_

EMAIL: \_\_\_\_\_

MAILING ADDRESS **(IF DIFFERENT FROM HOME ADDRESS)**

\_\_\_\_\_

\_\_\_\_\_

**SPOUSE INFORMATION**

NAME: \_\_\_\_\_

WORK# (\_\_\_\_\_) \_\_\_\_\_ CELL# (\_\_\_\_\_) \_\_\_\_\_

FAX# (\_\_\_\_\_) \_\_\_\_\_

EMAIL: \_\_\_\_\_

**PLEASE BE SURE TO PROVIDE YOUR TAX PREPARER YOUR CURRENT BANK INFORMATION FOR DIRECT DEPOSIT OF REFUNDS TO YOUR ACCOUNT. IF BANK ACCOUNT INFORMATION IS INCORRECT, REFUNDS WILL DELAY AND THE IRS/FTB ISSUE CHECKS TO ADDRESS ON TAX RETURN.**

**A COPY OF A VOIDED CHECK OR A COPY IS BEST EVEN IF YOU THINK WE HAVE CURRENT INFORMATION.**