



Estate or Trust Income Tax Return
Engagement Letter

(Date)

(Executor or Trustee Name)

(Name of Estate or Trust)

Re: Engagement Terms between "Client" referenced above and John Lebbs CPA, PLLC

John Lebbs CPA, PLLC is pleased to provide Client ("you" or "your") with the professional services described below. This letter states the terms and conditions by which you have engaged John Lebbs CPA, PLLC (collectively, "firm," "we," "us," or "our"), its successors, and/or assigns to provide certain tax return preparation services. This letter and any other attachments incorporated herein (collectively, "Agreement") confirm 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.

Services. We will prepare the following federal and state tax returns for the year ended December 31, 2020:

Table with 2 columns: Form 1041, State(s), Local; Income Tax Return for Estates and Trusts, State return(s) as required, Local return(s) as required

We will not prepare any tax returns except those identified above without your written request and our written consent to do so. We will prepare your tax returns based upon the information and representations provided to us. 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 state and local tax authorities as identified above. Our work is not intended to benefit or influence any third party, such as to obtain credit. Under no circumstances will we respond to any request from banks, mortgage brokers, or others for verification of any information reported on these tax returns.

You agree to indemnify and hold our firm and its partners, principals, shareholders, officers, directors, members, employees, agents, or assigns 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 and state and local tax authorities regardless of the nature of the claim, including the negligence of any party.

We will prepare your federal and requested state and/or local income tax returns based solely on information provided via tax documents and financial statements you submit. You represent that the information you are supplying to us is accurate and complete to the best of your knowledge and that you have disclosed to us all relevant facts affecting the returns.

Our services are not intended to determine whether you have filing requirements in taxing jurisdictions other than those you have informed us of. Our firm is available under the terms of a separate engagement letter to provide a nexus study that will enable us to determine whether any other state or local tax filings are required.

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. 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 *US 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.

Bookkeeping assistance. We may deem it necessary to provide you with accounting and bookkeeping assistance solely for the purpose of preparing the income tax returns. These services will be performed in accordance with the AICPA Code of Professional Conduct. We will request your approval in writing before rendering these services. Additional charges will apply for such services.

Estimated tax payments. You may be required to make quarterly estimated tax payments. We will calculate these payments for the 2021 tax year based upon the information you provide to prepare your 2020 tax returns and have no obligation to update recommended payments after the engagement is completed. If you ask us to update your estimated tax payments, additional fees may apply.

Tax advice. Any advice we may provide is based upon tax reference materials, facts, assumptions, and representations that are subject to change. Tax reference materials include, but are not limited to, the Internal Revenue Code (“IRC”), tax regulations, Revenue Rulings, Revenue Procedures, private letter rulings and court decisions. We will not update our advice after the conclusion of the engagement for subsequent legislative or administrative changes or future judicial interpretations. To the extent we provide written advice concerning federal tax matters, we will follow the guidance contained in Circular 230, §10.37, Requirements for Written Advice.

Tax planning services. Our engagement does not include tax planning services. 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, we will confirm this representation in a separate engagement letter.

Government inquiries. This engagement does not include responding to inquiries made by any government 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, we will confirm this representation in a separate engagement letter.

Arguable Positions. We will use our judgment to resolve questions in your favor where a tax law is unclear, provided there is sufficient support 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 the Internal Revenue Code (“IRC”), tax regulations, Revenue Rulings, Revenue Procedures, private letter rulings, and court decisions. If the IRS, state, or local tax authorities later contest the position taken, there may be an assessment of additional tax, penalties, interest, and professional fees. We assume no liability and you hereby release us from any liability for such additional tax, penalties, interest, and professional fees.

Electronic Filing. Because of the number of returns we prepare, IRS regulations require us to file almost all tax returns electronically. To comply with this requirement, your return will be electronically filed.

Disclosure of Personal and Tax Information. We make all reasonable efforts to maintain the privacy of client personal and tax information. Should we receive any request for the disclosure of privileged information from any third party, including a subpoena or IRS summons, we will notify you. In the event you direct us not to make the disclosure, you agree to hold us harmless from any expenses incurred in defending the privilege, including, by way of illustration only, our attorney's fees, court costs, outside adviser's costs, or penalties or fines imposed because of your asserting the privilege or your direction to us to assert the privilege.

Electronic Communications. In connection with this engagement, we may communicate with you or others via email transmission. 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, anticipated profits, disclosure or communication of confidential and/or proprietary information.

Examination of Returns. Your returns may be selected for examination or review by the taxing authorities. Any proposed adjustments by the examining agent are subject to certain rights of appeal. In the event of such government tax examination, we will be available upon request to assist you. These additional services are not included in our fee for preparation of your returns and we will render additional invoices for the time and expenses incurred.

Conflicts of interest. If we, in our sole discretion, believe a conflict has arisen affecting our ability to deliver services to you in accordance with either the ethical standards of our firm or the ethical standards of our profession, we may be required to suspend or terminate our services without issuing our work product.

Client Responsibilities

You will provide us with a trial balance and other supporting data needed to prepare your tax returns. Income from all sources, including those outside of the US, is required. You must provide us with accurate and complete information. We rely upon the accuracy and completeness of both the information you provide in the trial balance and other supporting data you provide.

Online access to information. To the extent you provide our firm with access to electronic data via a local or online database from which we will download your trial balance or other information, you agree that the data is accurate as of the date and time you authorize it to be downloaded.

Trust accounting income. You are responsible for the calculation of trust accounting income. We will not audit or otherwise verify the data you submit although we may ask you to clarify your calculations.

Schedule K-1 distribution. You are responsible for distributing a copy of the estate or trust's Schedule K-1s to each beneficiary.

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, and deductions on your returns, as required under applicable tax laws and regulations. You are responsible for the adequacy of all information provided in such documents. You represent that you have such documentation and can produce it if needed to respond to any audit or inquiry by tax authorities. You agree to hold harmless our firm and its partners, principals, shareholders, officers, directors, members, employees, agents, or assigns with respect to any additional tax, penalties, or interest imposed upon you by tax authorities resulting from the disallowance of tax deductions due to inadequate documentation.

Personal expenses. You are responsible for ensuring any personal expenses are segregated from business expenses. For example, meals, travel, vehicle use, gifts, and related expenses are required by the IRS and other tax authorities to be supported

by records. At your written request, we are available to provide you with written answers to your questions on the types of supporting records required.

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.

State and Local Filing Obligations. 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. You agree that we have no responsibility to research these obligations or to inform you of them. If we believe you have additional filing obligations upon review of the information you have provided to us or information comes to our attention, we will notify you of this responsibility in writing and ask you to contact us. If you ask us to prepare these returns, we will confirm this representation in a separate engagement letter. You acknowledge that any additional filing obligations are not within the scope of this engagement.

U.S. Filing Obligations Related to Foreign Financial Assets. As part of your filing obligations, you are required to report the maximum value of specified foreign financial assets, which include financial accounts with foreign institutions and certain other foreign non-account investment assets that exceed certain thresholds. You are also required to make certain information disclosures related to your foreign investments. You are responsible for informing us of all foreign assets owned directly or indirectly regardless of amount, so we may properly advise you regarding your filing obligations.

These assets include any ownership interests you directly or indirectly hold in businesses located in a foreign country and any assets or financial accounts located in a foreign country over which you have signatory authority. Based upon the information you provide, this information will be used to calculate any applicable foreign tax credits. We will also 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"). Failure to file required forms can result in significant civil and criminal penalties. The FBAR is not a tax return and we will not prepare one except on client request and after receipt of a signed *FBAR Addendum*. An additional fee will be required.

Failure to timely file 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 that, during the 2020 tax year, you had a direct or indirect interest in or over which you have signature authority. We assume no liability for penalties associated with the failure to file or untimely filing of any of these forms that we were not made aware of.

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.

Tax Liability. The client is responsible for the payment of all taxes, penalties, and interest due.

Filing Deadline. The filing deadline for federal tax returns is April 15, 2021. To meet the filing deadline, the information needed to complete the return should be received by us no later than March 12, 2021. When **all** documents are received, we will make good faith efforts to file complete tax returns prior to the filing deadline. Because individual circumstances may require filing for an extension, we cannot guarantee the completion and filing of tax returns before the filing deadline even if all information is provided prior to March 12, 2021.

Extensions. We work to complete returns as quickly as possible. If you are required to file an extension and we have all required documentation, we will complete your return as soon as possible. If an extension is required, you are required to pay estimated tax liability even though the return is not complete. If all documents are received prior to March 12, 2021, we may assist with the estimated tax payment. After March 12, 2021, we assume no responsibility to calculate the

estimated payment. We may also ask you to sign an *Extension Addendum* if we have no documents and you want us to file your extension.

If an extension of time to file is required, any tax that may be due must be paid to the Internal Revenue Service with the extension. Any amounts not paid by the filing deadline are subject to interest and late payment penalties in addition to the taxes. You are responsible for making all required payments and notifying us of amounts paid in.

Revisions. Should a tax return require revision after completion through no fault of ours, revision fees will apply. Any tax return requiring revision due to a legitimate preparation error will be revised at no charge.

Receipt of Notices from Tax Authorities. Please provide any tax notices or letters received to our offices immediately. In preparing your returns, we are not responsible for a taxing authority's assessment of underpayment penalties or interest where this action results from erroneous, incomplete, inaccurate, or misrepresented information provided by you to us. We have no ability to audit your information or search for correct data.

Fees & Legal Matters

Fees. Our fee for services will be based upon the extent of the tax forms required for us to properly file your tax return. If additional services are provided which were not originally contemplated under this engagement but were imperative to the completion of the tax return(s) under this engagement, you are authorizing us to perform said services and bill appropriately for the time and/or schedules provided. All invoices are due and payable upon completion of the tax returns under this engagement. If you are paper filing or require us to ship your return to you, we will not release or ship your return to you until payment for our services has been received. All shipping costs will be the responsibility of the client. If we provide other services to you, we reserve the right not to begin processing your return until payment for all services rendered has been received.

Timing of the Engagement. We expect to begin our services upon receipt of your December 31, 2020 trial balance and other supporting data agreed to above. If your return is electronically filed, our services will conclude upon the earlier of the filing and acceptance of your 2020 tax returns by the appropriate tax authorities, written notification by either party that the engagement is terminated, or one year from the execution date of this Agreement. If your return is filed by mail, our services will conclude upon the earlier of delivery to you of your 2020 tax returns for your review and filing with the appropriate tax authorities, written notification by either party that the engagement is terminated, or one year from the execution date of this Agreement.

Paragraph Titles. The paragraph titles used in this agreement are for convenience of reference only and will not be considered in the interpretation or construction of any provisions.

Jurisdiction. Notwithstanding anything contained herein, both firm 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 the offices of John Lebbs CPA, PLLC located in Pima County, Arizona, USA. Pima County, Arizona, USA shall be the exclusive jurisdiction for resolving disputes related to this engagement. This engagement shall be interpreted and governed in accordance with the Laws of Arizona.

Dispute Resolution. If a dispute arises out of or relates to this contract or engagement letter, or the breach thereof and the dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under *Accounting and Related Services Arbitration Rules and Mediation Procedures* before resorting to arbitration, litigation, or some other dispute resolution procedure. The costs of any mediation proceeding shall be shared equally by all parties.

Ultimate responsibility. You have final responsibility for your tax returns. We will provide you with a copy of your tax returns and accompanying schedules and statements for review prior to filing with the IRS and applicable state and local tax authorities. You agree to review and examine them carefully for accuracy and completeness.

You are also required to verify and sign a completed Form 8879-F, *IRS e-file Signature Authorization for Form 1041*, and any similar state and local equivalent authorization form before your returns are filed electronically. This is your authorization for us to file your return on your behalf. Under no circumstances will we submit any return without completed authorizations.

In the event that you do not wish to have your income tax returns filed electronically, please contact our firm as 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.

We appreciate the opportunity to serve you. Please date and execute the enclosed copy of 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,

John Lebbs

John Lebbs, CPA
John Lebbs CPA, PLLC

The undersigned hereby authorizes John Lebbs CPA, PLLC and all its representatives, agents, and employees to furnish my/our full and complete personal financial information and documents as necessary to those personnel connected with preparing and reviewing my/our federal and/or state tax return(s), amendments or other tax services which are required/requested.

Agreed to and accepted by:

Signature

Print Name

Signature

Print Name

Date: _____

IRS CIRCULAR 230 DISCLOSURE

In order for us to comply with certain U.S. Treasury regulations, unless expressly stated otherwise, any U.S. federal tax advice that may be contained in this written or electronic communication, including any attachments, is not intended or written to be used, and cannot be used, by any person for the purpose of (i) avoiding any tax penalties that may be imposed by the Internal Revenue Service or any other U.S. federal taxing authority or agency or (ii) promoting, marketing, or recommending to another party any transaction or matter addressed herein.