

**ESTIMATE FOR 2017 TAX PREP SERVICES (RETURNING CLIENTS)**

Client's Printed Name(s): \_\_\_\_\_

**Current Rates: Effective 1/1/2018    Tax Prep \$75-\$200/Hr    Bookkeeping \$75-\$95/hr    Admin \$35/hr**

Additional Copies of tax returns: \$20.00/each (includes Federal and one State)  
 Extension Preparation: \$50 per filing (includes Federal and 1 State. Add'l states \$25 each)  
 Authorization & Correspondence with third parties (banks, lending institutions, etc.) \$100

Any out of pocket expenses incurred by Commonwealth Business Services, Inc., (including, but not limited to tax software charges, overnight fees and postage) directly related to preparation of the return shall be charged to the client.

In lieu of above rates, CBSI provides a fixed estimate based on information provided by client. This estimate is only for tax return preparation. See engagement letter for further details.

	<i>Low</i>	<i>Medium</i>	<i>High</i>
<b>Prior Year Tax Charges</b>	_____		
<b>X 6%</b>	_____		
<b>Less: Early Bird ( - 5%)</b>	_____		
<b>Estimated Tax Calcs w/ Return</b>	200		
<b>Additional Assembly</b>	10		
<b>Shipping</b>	20	(If large or overnight \$35)	
<b>CBSI Bucks</b>	_____		
<b>Addition in Time For:</b>	_____		
<b>Reduction in Time For:</b>	_____		
<b>Extension Request</b>	50		
<b>Expedite Fee (see below)</b>	50	150	250
<b>Total / Current Year Estimate</b>	_____	_____	_____

<u>For 2017 Would You Like?</u>	<u>Est. Price</u>	<u>X if Yes</u>
a. One Hour Consult	165	
b. Q2 Estimate (July)	200	
c. Q3 Estimate (October)	200	
d. Q4 Estimate (January 2018)	200	
e. Summer Review	250	
f. Fall Review (November-December)	275	
g. Year End Review (December-January)	300	

Commonwealth Business Services, Inc., will communicate directly with the client either via email or telephone to inform of an increase in charges in excess of 15% of the above amount.

Estimated Tax Calcs services are made at the time of tax preparation. This includes all 4 quarters for IRS & 1 state along with vouchers. Estimated Tax Calculations to be made at a later date average \$200/quarter

I have read and understand the above quotation for 2017 Tax Preparation Services. I understand that I will have to remit payment for these charges prior to receiving the returns or processing efiles.

I also acknowledge that the turnaround time for tax returns is 3 weeks from the time of the last delivery of tax information. Any later correspondence requesting an expedition of less than 3 weeks will result in an additional charge of \$50. A request to have returns in less than one week will have a \$150 charge. Returns that are dropped off on or after April 1 that need to be complete by April 17 will have a \$250 charge. If an expedite request is made, this amount will be added to the estimate above if not already included.

\_\_\_\_\_  
Client Signature

\_\_\_\_\_  
Client's Printed Name

\_\_\_\_\_  
Date

# COMMONWEALTH BUSINESS SERVICES, INC.

503 Westwood Office Park  
Fredericksburg, VA 22401

**John P. Coleman, CPA**  
Phone: 540-371-1133  
Fax: 540-371-3303

500 Montgomery St., Ste. 400  
Alexandria, VA 22314

**Did you make any purchases, generally online, for which sales tax was not charged?**

YES

NO

\_\_\_\_\_  
Client's Signature

\_\_\_\_\_  
Client's Printed Name

\_\_\_\_\_  
Date

## Consumer's Use Tax for Individuals

*Goods are subject to either sales or use tax, not both. You pay consumer's use tax on the use of goods in Virginia when you didn't pay sales tax at the time of purchase.*

### When do you owe consumer's use?

- Generally, you owe consumer's use tax on tangible items you rent, lease, or buy that you didn't have to pay sales tax for when you purchased them. Common examples: You bought something on the internet or through a mail order catalog and didn't pay Virginia sales tax. Most online retailers collect Virginia sales tax, but if you order from a company that doesn't, you need to pay use tax. You bought something in another state that doesn't charge sales tax, but brought the items back to Virginia to use here. Examples: Delaware, Montana, New Hampshire, etc..
- Items exempt from sales tax in Virginia are also exempt from consumer's use tax.

### Common exemptions:

- Nonprescription drugs and medicines you buy for the cure, easing, treatment, or prevention of disease in human beings
- Other durable medical devices and equipment that is suitable for home use (Va. Code § 58.1-609.10(9)-(11))
- Magazine and newspaper subscriptions (Va. Code § 58.1-609.6(3))
- Purchases from out-of-state mail order catalog(s) totaling \$100 or less for the calendar year. If you spent more than \$100 on these items, then you must report the purchases and pay consumer use tax on the total cost.

### Consumer's use tax rates:

- The use tax rate is the same as your sales tax rate :
- 6% in Northern Virginia and Hampton Roads regions
- 5.3% anywhere else in Virginia
- 2.5% on eligible food items (generally staple foods and cold foods packaged for home consumption, such as from a grocery store. Does not include hot, prepared food meant to be eaten immediately, such as food from a restaurant. More information on eligible food items)

### How to file and pay consumer's use tax:

- Report and pay any tax due when you file your individual income tax return (line 35 if filing on paper). If you don't owe any tax, you will need to enter "00" on the return.
- File Form CU-7 , Virginia Consumer's Use Tax Return for Individuals, if you don't need to file an individual income tax return, but owe consumer's use tax.

### When is the tax due?

- Calendar-year filers: May 1
- Fiscal-year filers: 15th day of the 4th month after the close of your taxable year
- \*If the due date falls on a weekend or holiday, you have until the next business day to file and pay your tax  
Penalty and interest will apply if the return or payment is late.

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Alexandria, VA 22314

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Member, American Institute of  
Certified Public Accountants  
Phone: 540-371-1133  
Fax: 540-371-3303

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Fredericksburg, VA 22401

## CBSI BUCKS PURCHASE CONTRACT FOR 2017 TAX YEAR

Client Name: \_\_\_\_\_

This plan entitles the client to a credit of \$200 for the Silver Plan and \$500 for the Gold plan. This credit can be used against any Commonwealth Business Services, Inc. (CBSI) fees involving IRS, State or Locality inquiries for the 2017 tax year. All parties acknowledge the following:

- 1.) This credit has no expiration date, can only be used by the client listed above, and is nontransferable. If you have a business a separate form is required.
- 2.) This contract is only for the 2017 tax filing and credits can only be used against 2017 tax year inquiries.
- 3.) This contract should be retained by the client as evidence of purchase.
- 4.) The Client must later present this contract to CBSI as evidence of purchase if in receipt of an inquiry to receive the credit.
- 5.) There is no cash value of the currency certificate or this contract.
- 6.) The purchase amount above is not refundable.
- 7.) Purchase and payment must be made prior to the filing of the 2017 tax return.
- 8.) The client has seen the current hourly rates for CBSI staff and is aware that this credit may not cover the entire costs of responding to an inquiry or an audit and that they are responsible for any remaining balance due but the due date provided on the invoice.
- 9.) The Client understands that CBSI may raise its hourly rates in the future and will be invoiced at these future rates.
- 10.) This contract is not the purchase of insurance and in no way can ensure that the tax return above will not have an inquiry or audit from the IRS, state or localities.
- 11.) This contract is void if it is later determined that the taxpayer committed fraud.
- 12.) This contract may not be applied if the Client has received any other discount or has a reduced hourly rate for the 2017 tax preparation.

Purchase Amount Silver (\$30) Gold (\$45) N/A

I acknowledge the above parameters and accept the purchase of this contract.

Client Signature: \_\_\_\_\_

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

The above contract has been paid for and is in effect for the 2017 tax filing season:

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**Commonwealth Business Services: Base Sheet. For Use with 2017 Tax Filing Season (Jan to Oct 2018)**

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**\*Please note that all returns will be prepared to be electronically filed unless otherwise stated to paper file.**

1.) Has any contact information, Phone Numbers, Emails, Fax Numbers, etc... changed from last year? If YES, please update here: \_\_\_\_\_

2.) If you receive a refund, would you like your refund directly deposited? **YES NO**

- | <u><b>If Yes</b></u>                                       | <u><b>If No</b></u>        |
|--|----------------------------|
| a.) Is the Information same as last year? <b>Yes No</b>    | a. Paper Check / Card (VA) |
| b.) Bank Name: _____                                       | b. Carry Refund to 2018    |
| c.) Routing Number: _____                                  |                            |
| d.) Account Number: _____                                  |                            |
| e.) Name on Account: _____                                 |                            |
| f.) Please circle Type of Account: <b>Checking Savings</b> |                            |

3.) Tax Return Delivery Preference:

**Tax Return Assembly Type**

- a. Paper Copy
- b. CD Copy
- c. Electronic Copy
- e. Choice of Two (\$10 Additional)

**Tax Return Delivery Preference**

- a. Fredericksburg Pickup
- b. Alexandria Pickup (May have delivery delays)
- c. Electronic? **Email DropBox Other** \_\_\_\_\_
- d. FedEx (\$20 Standard \$35 Overnight)  
Waive Signature Requirement? **Yes No**  
Location to Send? **Home Work Other**

4.) Do you have any new W-2's, savings accounts, investment accounts or other accounts that generate income that you did not have in 2016? If so, please list \_\_\_\_\_

5.) Do you have any new rental properties, LLC ownership, S Corp ownership or other business interest that were not on the 2016 returns? If so, please list \_\_\_\_\_  
Any changes to that ownership since 2016? \_\_\_\_\_

**Your signature(s) below confirms that the answers completed in your intake questionnaire are accurate and complete. Any future changes/modifications to these answers after assembly and before filing will result in a rerun fee which is a \$75 minimum charge. Any future changes/modifications resulting in the need for an amended return will be billed at the hourly rate. The signature(s) below also acknowledge that payment for these services will be due before release of the completed work.**

\_\_\_\_\_  
(Client Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Client Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Date)

**Home Buyers/Owners – If you don't own a house, land or large asset, please skip this box**

- 1.) Did/Do you own a home or any real estate prior to 2017? **YES NO** # of Homes \_\_\_\_\_ # of Parcels \_\_\_\_\_  
**\*Please provide all HUD/Settlement Statements for property currently owned.\***
- 2.) Did you make a home purchase in 2017? **YES NO**
- 3.) Are any of your loans for boats/RV's? **YES NO**
- 4.) Did you make a home refinance in 2017? **YES NO** If yes, for how many years? \_\_\_\_\_  
**(If YES, Please provide refi settlement statement)**  
Did you take out any money? **YES NO** If so, what did you use it for? \_\_\_\_\_
- 5.) Do you have a home equity line of credit **YES NO** If YES, was the credit line used for acquiring, constructing or improving **PRIMARY** or **SECONDARY** home?  
If no, what was the money used for? \_\_\_\_\_  
Was the balance of the home equity line of \$100,000 any time in 2017? **YES NO**  
(If YES, we will need the beginning balance, yearend balance, and use of funds.)

**Foreign Assets – If you do not have any foreign assets, please skip this box**

- 1.) Do you have a foreign bank account? **YES NO**  
If YES, was the aggregate balance of all foreign accounts at any time over \$10,000? **YES NO**  
Did you file form FinCEN Form 114? **YES NO**
- 2.) During the tax year, did you own any:
  - a. Foreign assets including vacation homes? **YES NO**
  - b. Gifts valued at more than \$100,000 from a nonresident alien individual? **YES NO**
  - c. Bequests values at more than \$100,000 from a foreign estate? **YES NO**
  - d. Gifts valued more than \$15,671 from foreign corporations or foreign partnerships? **YES NO**  
If yes, what was the value? \_\_\_\_\_

**IRA/ROTH – Please be sure to provide all Stocks, Bonds, Bitcoin, 1099s, Income generated in 2017**

- 1.) Did you convert to or from a Roth IRA in 2017? **YES NO**
- 2.) Have you made any prior nondeductible IRA contributions for any previous years? **YES NO**
- 3.) Have you made/plan to make any IRA, Roth, SEP or HSA contributions on/before the deadline? **YES NO**  
If YES, please complete: Husband Amount of Contribution \_\_\_\_\_ Type of Plan \_\_\_\_\_  
Wife Amount of Contribution \_\_\_\_\_ Type of Plan \_\_\_\_\_
- 4.) Did you take any distributions from a retirement account? **YES NO** If yes, Amount? \_\_\_\_\_
- 5.) Do you have any old IRA/401K accounts that need to be consolidated? **YES NO**  
If so, please provide us some information about those accounts: \_\_\_\_\_  
\_\_\_\_\_

**Dependents – If you don't have any dependents, please skip this box.**

1.) Please provide all dependent information below. **Note:** Parents with dependents who are employed or in college. If your child chooses to complete their own return, make sure they DON'T claim their own exemption until your return is final. Also, the Months lived at home includes the time spent in college.

Name from Social Security Card	Social Security #	Relation to Taxpayer	Date of Birth	College Student	Disabled	Months lived @ home
				Y N	Y N	
				Y N	Y N	
				Y N	Y N	
				Y N	Y N	

2.) Have any dependents changed from the 2016 return? **YES NO** (If YES, please complete table)

Name from Social Security Card	Reason to Remove for 2017 return

3.) Any child care expenses? **YES NO** (If YES, please give provider information)

4.) Do any dependents have substantial unearned income for 2017? **YES NO**  
(dividends, interest, capital gains, etc.) Greater than \$2,000

5.) Do any dependents have earned income in 2017? (W-2, 1099-Misc) **YES NO**

NAME	AMOUNT	NAME	AMOUNT

**Education – If you have not made or received any educational income/expense, please skip this box.**

1.) Did you, a spouse, or any dependents incur any tuition costs in 2017? **YES NO**

If so name of student & year in school? \_\_\_\_\_

Are they at least a half time student for five months in 2017? **YES NO**

(Should have received a 1098-T and no felony drug convictions. Please provide all 1098 forms. )

2.) Any Educational Distributions made in 2017? **YES NO** If YES, Amount \_\_\_\_\_

3.) Have you made any contributions to Virginia college savings 529 or VEST plan? **YES NO**

If YES, Amount per account \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_

4.) Have you or any of your children utilized the education credits in the past (4 year max) **YES NO**

NAME	CREDIT	YEAR	AMOUNT

5.) Any Student Loan Interest? **YES NO** \_\_\_\_\_

## Misc Questions

- 1) Did you purchase any new energy efficient property for your primary residence in 2017 (plug in hybrid or all-electric drive vehicles, ground source heat pumps, solar electric property, solar water heaters, wind energy property , fuels cells, microturbines, etc) **YES NO**

If Yes, please list \_\_\_\_\_

- 2) Did you receive any energy credits for your personal residence from 2006 to 2016? **YES NO**

If Yes, for what years and what amounts? \_\_\_\_\_

- 3) Any estimated tax payments made? **YES NO**

If so, complete table below:

Federal Payment Date	Amount	State Payment Date	Amount

- 4) Did you make any payments in 2017 that would require you to file Form(s) 1099? **YES NO**  
(If you paid anyone over \$600 for a service, please circle YES)

- 5) Did your marital status change in 2017? **YES NO**

- 6) Did you have any debts cancelled in 2017? **YES NO**

- 7) Did you or your spouse make any gifts to an individual that total more than \$14,000 or any gifts to a trust? **YES NO**

- 8) Do you expect your income or expenses to change dramatically in 2018 (compared to 2017)? If so, please explain: \_\_\_\_\_

## Health Insurance

- 1) Did you, your spouse and every person listed on your return have minimal essential health insurance coverage for the entire year? **YES NO** Please circle the type of coverage you had: Employer / Medicare / Medicaid/ Marketplace(Exchange)/Other \_\_\_\_\_. **If YES, and Marketplace is not circled, you can skip questions 2, 3, 4, and the Healthcare Coverage Questionnaire.**

- 2) If you received insurance through a federal or state insurance marketplace, did you receive a credit advance? **YES NO**. If Yes, how much did you receive? \_\_\_\_\_

- 3) Did you receive a Form 1095-A issues by the Marketplace? **YES NO**. If yes, please provide us with a copy. In addition, we will need tax information for all dependents on the tax return in order to calculate household income.

- 4) If you or a member of your family did not have insurance all year, please complete the attached Health Care Coverage Questionnaire.

**\*If you received a premium advance you are NOT eligible to file an extension. The return must be filed by 4/17/18**

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Main Office: Fredericksburg Location  
503 Westwood Office Park  
Fredericksburg, VA 22401

**John P. Coleman, CPA**  
Phone: 540-371-1133  
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500 Montgomery St., Ste. 400  
Alexandria, VA 22314  
(By Appointment Only)

## **Part 1 – General Data**

Date:

Entity Type:

Name (Client):

Address:

Owner (If Applicable):

## **Part 2 – Service Agreement**

This agreement is between Commonwealth Business Services, Inc., hereinafter referred to as CBSI, and the Client as listed under part one of this agreement. To minimize the possibility of misunderstanding between us, we are setting forth pertinent information about the services we will perform for you as of the date listed under part one of this agreement.

We will prepare your 2017 Federal and Virginia Income Tax Returns, for the Entity type listed under part one of this agreement, from information you furnish us. We will also prepare any other state returns provided you list them here: \_\_\_\_\_. In order to keep our fee to a minimum, we may furnish you with questionnaires to help you gather and organize the necessary information. We will not audit nor otherwise verify the data you submit, although we may ask you to clarify some of the information.

We must receive all information to prepare your returns at least fifteen days prior to the due dates mandated by the IRS and/or Individual States guidelines in order to ensure that your returns will be completed on time. If we have not received all of your information by at least fifteen days prior to the due dates listed on the [www.irs.gov](http://www.irs.gov) website and/or Individual State website(s), and your returns are not completed on time, you may be subject to late filing or late payment penalties whereby CBSI will not be liable. If at any point an extension is required, CBSI charges a minimum \$50 fee, the Client recognizes that an extension is only an extension to file and is not by any means an extension for payments due. If payments are not made on time, the Client assumes all responsibility for any late payment penalties and/or interest.

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.

## **Part 3 - E-Filing/Tax Notices**

Taxing authorities now require us to electronically file all federal and 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 all returns to be e-filed unless otherwise specified by the IRS or state guidelines.

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 paper, CD, or electronic copy of the income tax returns for your review prior to electronic transmission. After you have reviewed the returns, you must provide us with a signed authorization indicating that you have reviewed the returns 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 at least five days prior to the due dates, CBSI reserves the right to place your return(s) on extension, even though it might already have been completed and the Client assumes all associated costs.** In that event, you will be responsible for ensuring that any payment due with the extension is timely sent to the appropriate taxing authorities.

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(s) have been successfully submitted from our office.

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(s). 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 or State should later contest the position taken, there may be an assessment of additional tax plus interest and 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 for any damages that occur as a result of ceasing to render services.

#### **Part 4 - Business Activities**

If your individual return also includes business activities, please note that the IRS and U.S. Treasury have issued final tangible property regulations (TPRs) that govern when taxpayers must capitalize and when they can deduct expenditures for acquiring, producing or improving tangible property. These regulations are fully effective for tax years beginning on or after January 1, 2014. Under certain circumstances, however, these regulations may also be applied retroactively back to the start of 2012 and are required to be applied to items on the taxpayer's tax depreciation schedule or should be on the taxpayer's depreciation schedule based upon the improvement criteria on the final TPRs. The final regulations have created new annual elections, and while certain safe harbors and elections are implemented through filing statements or treatment of an item on a timely filed federal tax return, the IRS considers the remaining provisions to be a change in method of accounting which may require a taxpayer to file Form 3115, *Application for Change in Accounting Method*. In order to make an election on a timely filed federal tax return and/or the proper completion of the IRS Form 3115, additional time may be required by our firm to analyze your current and prior acquisitions and improvements. By your signature below, you accept ultimate responsibility for your capitalization analyses and decisions, and you agree to provide us with the information necessary to prepare the appropriate elections and/or method change IRS form(s). If you have any questions regarding the application of these new regulations to your company, or your company's specific qualifications for one of the safe harbors or new method changes, please ask us for advice in that regard.

By signing this document, the Client is confirming that all information required for preparing the returns has been provided and that all individual partners are responsible for submitting their individual K-1s to their own tax preparers for inclusion with their individual tax returns. That, unless we are otherwise advised, the travel, entertainment, gifts, and related expenses are supported by the necessary records required under Section 274 of the Internal Revenue Code. If there are any questions as to the type of records required, please ask us for advice in that regard. The Client is also acknowledging that our work will not include any procedures designed to discover fraud, defalcations, or irregularities, should any exist. CBSI will render such accounting and bookkeeping assistance as we find necessary for preparing returns.

The law provides for a penalty to be imposed when a taxpayer makes a substantial understatement of their tax liability. For partnerships and individual taxpayers, when the understatement for the year exceeds the greater of 10% of the tax required to be shown on the return or \$5,000, the penalty is 20% of tax underpayment. Taxpayers other than "tax shelters" may seek to avoid all or part of the penalty by providing appropriate documentation or proof. Because a partnership is an entity whose tax attributes flow through to its partners, the penalty for substantial understatement of tax relating to partnership items may be imposed on the partners. The Client agrees to advise us if they wish disclosure to be made in the returns or if they desire us to identify or perform further research with respect to any material tax issues for the purpose of ascertaining whether, in our opinion, there is "substantial authority" for the position proposed to be taken on such issues in the returns.

By signing below the Client acknowledges that they are responsible for management decisions and functions. That the responsibility includes designating qualified individuals with the necessary expertise to be responsible and accountable for overseeing all the specific services we perform as part of this engagement, as well as evaluating the adequacy and results of the services performed. You are responsible for establishing and maintaining controls, including monitoring ongoing activities. Management is also responsible for the design, implementation and administration of applicable policies that may be required under the Affordable Care Act. As CBSI is not rendering any legal services as part of our engagement, we will not be responsible for advising you with respect to the legal or regulatory aspects of your company's compliance with the Affordable Care Act.

Your returns may be selected for examination by taxing authorities. In the event of an examination or other IRS or state taxing authority contact, we are able to represent you. Any proposed adjustments by the examining agent are subject to certain rights of appeal. In the event of such government tax examinations, we will be available upon request to represent you and will render additional invoices for the time and expenses incurred. Fees and services will be communicated in a separate engagement letter.

#### **Part 5 - Estates**

For Estates, we will prepare the federal and state estate tax returns, the decedent's final individual income tax return, the fiduciary

income tax return, and compiled summary of account and recapitulation of cash with supporting exhibits of cash receipts, cash disbursements, distributions, gain or loss on sales, and property on hand, for submission to the probate court.

If preparing estate returns, we will not independently determine values, except where the values could be determined by reference to market quotations contained in The Wall Street Journal or other equally reliable sources. Since we are not business or real estate appraisers or valuers, all valuation services will be performed by qualified third parties who will be chosen on a timely basis by the representative of the estate, e.g. the trustee. The trustee will be solely responsible for selecting the third-party appraisers or valuers. The parties agree that we may rely on the values determined by said third-party appraisers or valuers in preparing the estate returns and that we shall not be liable for any damages that may result from the use of said values in the event they are not accepted by the relevant taxing authorities.

## **Part 6 - Foreign**

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 an aggregate value exceeding \$10,000 at any time during the calendar year 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.

If you and/or your entity have a financial interest in, or signature authority over, any foreign accounts, you are responsible for providing our firm with all the information necessary to prepare the Report of Foreign Bank and Financial Accounts (FBAR) required by the U.S. Department of the Treasury in order for the FBAR to be received by the Department on or before the due date of each tax year. Electronic filing of FBAR reports is mandatory using the Bank Secrecy Act (BSA) e-filing system for the Financial Crimes Enforcement Network (FinCEN). If you would like our firm to submit your electronic FBAR report (FinCEN Form 114) on your behalf, we must receive a signed consent form (FinCEN Form 114a) from you prior to submitting the foreign reporting form. If you do not provide our firm with information regarding any interest you may have in a foreign account, or if we do not receive your signed authorization to file your foreign reporting form, we will not be able to prepare and file 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 and 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.

## **Part 7 - Health Insurance**

The Affordable Care Act (ACA) added various new health insurance mandates, penalties, and credits beginning in 2014. Our services in connection with this engagement are not designed to address the legal or regulatory aspects of your compliance with the Affordable Care Act. In preparing your individual tax returns, we will rely solely on the information you provide us regarding the ACA mandates and you agree to accept full responsibility for the accuracy and completeness of this information, as well as your compliance with the ACA. As such, we will not be responsible for any taxes, penalties, or interest that may be assessed.

## **Part 8 - Records**

It is our policy to keep records related to this engagement for seven years. However, CBSI does not keep any original client records, so we will return those to you at the completion of the services rendered under this engagement. It is the Client's responsibility to retain and protect their records for possible future use, including potential examination by any government or regulatory agencies. However, if the Client refuses to acquire original documents for proper record keeping, CBSI retains the right to properly dispose of all documentation after three years of inactivity.

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, entertainment, and related expenses and the required documents to support charitable contributions. It is also your responsibility to carefully examine and approve your completed tax returns. We are not responsible for the disallowance of doubtful deductions or inadequately supported documentation, nor for resulting taxes, penalties, and interest. **By your signature below, you acknowledge and agree that upon the expiration of the seven-year period Commonwealth Business Services shall be free to destroy our records related to this engagement.**

## **Part 9 - Client Privilege/Confidentiality**

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 a business, you need to be especially careful about privileged communications. If a communication is made in the presence of a partner-employee who is not authorized to act or speak for the business in relation to the communication's subject matter, then the communication will be deemed to be made in the presence of a third party and any privilege will be waived.

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.

For tax years beginning in 2000, the IRS has provided that an individual taxpayer and his or her spouse, if applicable, may authorize the IRS to discuss the taxpayer's tax return with the CPA who signed the taxpayer's return as the return preparer. The authorization is granted by checking the "yes" box in the signature area of the tax return. By checking the "yes" box, you are granting the IRS permission to contact our firm with questions that may arise during the processing of your return. You would also be granting our firm the permission to (1) provide the IRS with any information that may be missing from your return, (2) call the IRS to inquire on the processing of your return or on the status of your refund, and (3) respond to any IRS notices that you have provided to our firm relating to mathematical errors, offsets, and return preparation. Please note that our firm will not receive separate copies of IRS notices; therefore, you must provide our firm with copies of any notices you receive from the IRS. Once elected, the authorization cannot be revoked. The authorization is valid for one year after the due date for filing the tax return.

Also, unless otherwise indicated, by signing this agreement the Client hereby **grants** limited authorization for CBSI to contact the IRS and/or state taxing authorities on the Client's behalf as discussed in the above letter.

## **Part 10 - Fees**

Fees for our services will be at our standard rates plus computer charges and out-of-pocket expenses. **Payment must be made in full before the release of any documents and interim billings may be submitted as work progresses and expenses are incurred.** We reserve the right to stop work on any account that is 30 days past due, in accordance with our firm's stated collection policy and are not liable for any interest, penalties, etc. that may arise from the cease and desist action which may begin thirty days past the due date listed on the Invoice.

Although we have attempted to complete projects as soon as possible, we need certain amounts of time to ensure the correctness and accuracy of the return. Clients should expect a turnaround time of no more than four weeks from the time that the **last** tax information is provided to CBSI. Please refer to the quote sheet for additional charges if delivery of the finished product is required before the normal turnaround time. If you do not have a quote sheet, one will be provided upon request.

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 applicable rules for resolving professional accounting and related services disputes of the American

Arbitration Association (AAA), except that under all circumstances the arbitrator must follow the laws of Virginia. 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. The prevailing party shall be entitled to an award of reasonable attorneys' fees and costs incurred in connection with the arbitration of the dispute in an amount to be determined by the arbitrator.

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 Commonwealth Business Services, Inc. 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,

\_\_\_\_\_  
John P Coleman, CPA  
Commonwealth Business Services

Approved:

\_\_\_\_\_  
Client's Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Client's Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date