

January 2018

Subject: Preparation of Your 2017 Tax Returns

Dear Client,

Thank you for choosing Sherwood Tax and Accounting PC to assist you with your 2017 taxes. This letter confirms the terms of our engagement with you and outlines the nature and extent of the services we will provide.

We will prepare your 2017 federal and state income tax returns. We will depend on you to provide the information we need to prepare complete and accurate returns. We may ask you to clarify some items but will not audit or otherwise verify the data you submit. An Organizer is enclosed to help you collect the data required for your return. The Organizer will help you avoid overlooking important information. By using it, you will contribute to efficient preparation of your returns and help minimize the cost of our services.

Refunds for your federal and state returns can be directly deposited into your bank account. **Please provide us with your bank information, we need to verify this each year.** Some refunds will not be issued until the middle or end of February for tax returns that claim the Earned Income Credit, Child Credit, or Education Credits.

The Affordable Care Act requires all US Citizens and their dependents to have minimum essential health coverage or pay a penalty. We have updated the questionnaire and documentation to help you provide us with the information we need to report your health insurance coverage.

Taxpayers who are over age 70 ½ are required to receive payments from their IRA accounts or workplace retirement accounts by the end of 2017. Please let us know if you have questions about your Required Minimum Distribution.

We will perform accounting services only as needed to prepare your tax returns. It is your responsibility to provide all the information required for the preparation of complete and accurate tax returns. Our work will not include procedures to find defalcations or other irregularities. Accordingly, our engagement should not be relied upon to disclose errors, fraud, or other illegal acts, though it may be necessary for you to clarify some of the information you submit. We will, of course, inform you of any material errors, fraud, or other illegal acts we discover.

The law imposes penalties when taxpayers underestimate their tax liability. Please call us if you have concerns about such penalties.

Should we encounter instances of unclear tax law, or of potential conflicts in the interpretation of the law, we will outline the reasonable courses of action and the risks and consequences of each. We will ultimately adopt, on your behalf, the alternative you select.

Our fee is an investment and is based on our professional service that will provide you with tools to understand and save taxes. Our fee includes electronic filing of your return (when allowed) and will be based on the time required at standard billing rates plus out-of-pocket expenses. Invoices are due and

payable when your tax return is complete. To the extent permitted by state law, an interest charge may be added to all accounts not paid within thirty (30) days.

We will return your original records to you at the end of this engagement. You should securely store these records, along with all supporting documents, canceled checks, etc., as these items may later be needed to prove accuracy and completeness of a return. We will retain copies of your records and our work papers for your engagement for seven years, after which these documents will be destroyed.

Our engagement to prepare your 2017 tax returns will conclude with the delivery of the completed returns to you and once we obtain your signature on the Form 8879 so that we can electronically submit your tax return. If you have not selected to e-file your returns with our office, you will be solely responsible to file the returns with the appropriate taxing authorities. **Review all tax-return documents carefully before signing them.**

To affirm that this letter correctly summarizes your understanding of the arrangements for this work, **please sign the enclosed copy of this letter in the space indicated** and return it to us when you send your tax information or you can send us a pdf copy via email or fax.

Sincerely,



Shauna Zobrist

(Both spouses must sign for preparation of joint returns.)

Accepted By:

Taxpayer

Spouse

Date