

GARY D HARTMAN CPA

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Subject: Preparation of Your 2022 Tax Returns

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Thank you for choosing GARY D HARTMAN CPA to assist you with your 2022 taxes. This letter confirms the terms of my engagement with you and outlines the nature and extent of the services I will provide.

I will prepare your 2022 Federal and Resident State Income Tax returns. (If you are aware of any additional State Returns to be prepared please inform me, or if I become aware of an additional State Return that needs to be filed, I will inform you. These returns will be prepared at an additional cost upon your approval.) I will rely upon the completeness and accuracy of the information and representations you provide to prepare your tax returns. I may ask you to clarify some items but I will not audit or otherwise verify the data you submit.

I will prepare your 2022 Federal and Resident State Income Tax returns in accordance with the Statements on Standards for Tax Services issued by the American Institute of Certified Public Accountants and the U S Treasury Department Circular 230.

I will prepare your tax return based upon your filing status as reflected on the last day of the year. If married, I will do a Married Filing Jointly/Separately comparison and advise you which if filing Separately is more favorable. If you would like a copy of this comparison, please let me know.

I will use my judgment to resolve questions in your favor where a tax law is unclear, provided I have a reasonable belief there is substantial authority for doing so. Should I encounter instances of conflicts in the interpretation of the law, I will outline the reasonable courses of action and the risks and consequences of each. I will follow the position you request, provided it is consistent with my understanding of the tax reference material being used.

You may be required to make quarterly estimated tax payments. Per the IRS, "Individuals generally have to make estimated tax payments if they expect to owe tax of \$1,000 or more". Per Virginia, "if your income tax liability after subtracting income tax withheld and allowable credits is expected to be more than \$150, then you must make estimated payments or have additional income tax withheld". If your tax liability exceeds either of these limits on your 2022 tax return I will calculate these payments for the 2023 tax year using the safe harbor rules. If you expect your 2023 income to change from the 2022 amounts, let me know so I can adjust these estimated payments. When filing your 2022 return I can schedule these payments to come from your bank account on the due dates. Otherwise, I will provide vouchers for you to submit your payments.

I will help you to respond to minor inquiries by any governmental agency or tax authority but this engagement does not include responding to a "tax examination or audit". If you ask me to represent you, I will confirm in a separate Agreement.

I will not respond to any request from banks, mortgage brokers or others for verification of any information reported on these returns. I do not communicate with third parties or provide them with copies of tax returns. I will provide you with an additional copy of the returns for you to submit to them.

With this letter I have included an Income Tax Organizer to help you compile and document the information necessary to prepare your income tax returns. You must complete the Organizer with accurate and complete information. Income from all sources, including outside the U.S. is required.

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 your return.

The IRS considers a gift to be a transfer to an individual, either directly or indirectly, where full consideration is not received in return. Under Federal Law in 2022 gifts under \$16,000 do not require a gift tax return. You, as the donor, can give \$16,000 per donee without a gift tax return being required. Spouses may not file a joint gift tax return. Each individual is responsible to file a gift tax return [Form 709].

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 taxing authorities.

It is your responsibility to inform me if you directly or indirectly hold any interest or signatory authority in any assets located in a foreign country. Based upon the information which you provide, this information will be used to calculate any applicable foreign tax credits. I will also use this data to inform you of any additional filing requirements, which may include Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts (FBAR). Failure to file required forms can result in the imposition of both civil and criminal penalties, which can be significant.

As you may know the IRS has begun asking about virtual currency, wanting to know if you "received, sold, exchanged or acquired any interest". So be sure to answer the question on the questionnaire. Also, note **the IRS position is the selling or exchanging virtual currency is identical to the sale of a capital asset and must be reported on the tax return.**

You have the final responsibility for the accuracy of your tax returns. I will provide you with a copy of your electronic return and accompanying schedules and statements for review prior to filing with the IRS, state and/or local tax authorities. You agree to review and examine them carefully for accuracy and completeness.

You will be required to verify and sign a completed Form 8879, IRS e-file Signature Authorization and any similar state and local equivalent authorization before your returns can be filed electronically.

I am required under IRS and State rules to e-file your returns, however, you may opt out. [I will prepare the form 8948 to submit with the return]. You will be solely responsible to file the returns with the appropriate taxing authorities if you decide to mail the returns.

The filing deadline to submit your 2022 tax returns or an extension to file and pay taxes owed is Tuesday April 18, 2023 for Federal and April 17th for most states [due to the 15th being on Saturday and the 16th is a holiday in DC which is being observed on Monday the 17th]. Virginia deadline is May 1, 2023. You must provide the information needed to prepare your tax returns no later than April 1, 2023. Failure to do so may result in the inability to complete your return by the original filing due dates.

It may be necessary to apply for an extension of the filing deadline if there are unresolved issues or delays in processing, or if I do not receive all the necessary information from you on a timely basis.

To the extent you wish to engage me to apply for extensions of time to file tax returns on your behalf, you must notify me by email or in writing. **[Extensions are for time to file your return and not to pay, you will be subject to paying late penalties if taxes are not paid on the date due even if you have an extension]** In some cases, your signature may be needed on such applications prior to filing. Failure to timely file for an extension of time to file can result in penalties for failure to file tax returns, which accrue from the original due date of the returns, and can be substantial. **Please note, although I will file your extension, if your information can not be submitted to me before June 30, 2023 you will need to contact me to make sure I can prepare your return because I will be on limited office hours from July 1, 2023 to December 31, 2023.**

As a service to you, it is my policy to check the box on all returns to allow the IRS and other taxing authorities to discuss your tax account information with me. If you do not want this box checked please let me know.

To those who wish to participate, I offer a secure site. The secure site allows you to upload your tax information to me and allows you to download and/or print a copy of your return. You will also be able to sign your E-File Signature pages online for free. If you wish to take advantage of this free service please email or call and I can send you a link to create your account.

For those that mail their information to me or do drop offs, I still maintain a secured mailbox. Due to the Post Office

service track record, I would highly recommend that information be mailed as Priority Mail [this provides a tracking number for free]. **Please note, sending mail Certified adds time to the delivery date.**

My fee is based on the time required at my standard billing rates which is \$50 per hour with a minimum of \$100.00. Invoices are due and payable upon presentation. All accounts not paid within thirty (30) days are subject to interest charges to the extent permitted by state law.

I will return any original records you provide me at the end of this engagement. Store these records, along with all supporting documents, in a secure location. I retain copies of your records and my work papers from your engagement for up to three years, after which time these documents will be destroyed. **However, I recommend that you retain copies of your records and return for at least seven years as that is the longest the IRS has been known to go back in non-fraud cases.**

My engagement to prepare your 2022 tax returns will conclude with the delivery of the completed returns to you, or with e-filed returns, with your signature and my subsequent submittal of your tax return.

To affirm that this letter correctly summarizes your understanding of the arrangements for this work, sign this letter in the space indicated and return it with your tax information. If you wish to submit this letter by itself return to me by email [garyd@hartmancpa.com] or by mail [2545 Bombay Lndg, Virginia Beach, VA 23456]. If I receive the organizer and other tax information and this letter unsigned, or without this letter, it will be treated that you are agreeing to be bound by the terms set forth above.

Thank you for the opportunity to be of service. If you have any questions, contact me at (757)301-1040.

Sincerely,

Gary D Hartman
GARY D HARTMAN CPA

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

Accepted By:

Taxpayer

Spouse

Date

GARY D HARTMAN CPA

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Your privacy is important to me. Read the following privacy policy.

I collect nonpublic personal information about you from various sources, including:

- * Interviews regarding your tax situation
- * Applications, organizers, or other documents that supply such information as your name, address, telephone number, Social Security Number, number of dependents, income, and other tax-related data
- * Tax-related documents you provide that are required for processing tax returns, such as Forms W-2, 1099R, 1099-INT and 1099-DIV, and stock transactions

I do not disclose any nonpublic personal information about my clients or former clients to anyone, except as requested by my clients or as required by law.

I restrict access to personal information concerning you, except to my employees who need such information in order to provide products or services to you. I maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your personal information.

If you have any questions about my privacy policy, contact me at (757)301-1040.

Sincerely,

Gary D Hartman
GARY D HARTMAN CPA