

# GARY D HARTMAN CPA

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Subject: Preparation of Your 2023 Tax Returns

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Thank you for choosing GARY D HARTMAN CPA to assist you with your 2023 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 2023 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 will not audit or otherwise verify the data you submit.

I will prepare your 2023 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. It is your responsibility to safeguard your assets and maintain accurate records pertaining to transactions.

I will prepare your tax return based upon your filing status as reflected last year. Although I will do a Married Filing Jointly comparison with Married Filing Separately and advise you which filing status is more favorable. I will follow the position you request.

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 2023 tax return I will calculate these payments for the 2024 tax year using the safe harbor rules. If you expect your 2024 income to change from the 2023 amounts, let me know so I can adjust these estimated payments. When filing your 2023 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.**

I will provide you with 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 2023 gifts under \$17,000 do not require a gift tax return. You, as the donor, can give \$17,000 per taxpayer without a gift tax return being required. For a married couple each spouse can give \$17,000.

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 original filing due dates for your tax returns are April 15, 2024 for Federal and most states. You must provide the information needed to prepare your tax returns no later than April 5, 2024. 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, 2024 I will be unable to prepare your return as I will be on limited office hours from July 1, 2024 to December 31, 2024. It will be your responsibility to find a preparer.**

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.

This year, as in the past I'm offering a secure server. To those who wish to participate, the secure server 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. To those who have participated in the past your account is the same. If you have forgotten your password, let me know and I'll send a reset password email.

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]. Also, please note sending mail Certified adds time to the delivery date.

My fee is based on the time required at standard billing rates [\$100 per hour] plus out-of-pocket expenses 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 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 2023 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 to me [with the organizer; 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