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### Required Engagement Letter

Thank you for choosing Tax Happens LLC to assist you with your 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 federal and, if applicable 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. **Please utilize our Organizer(s) 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 the efficient preparation of your returns and help minimize the cost of our services.**

We will perform accounting services only as needed to prepare your 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 inform you of any material errors, fraud, or other illegal acts we discover.

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.

We determine our fees for preparation of your return once we receive all the information needed to prepare your return. We require a 50% deposit to begin and the balance when we provide you with a draft or two weeks after requests for additional information go unanswered by you. If a material number of additional documents and information, that impact the return, are provided after we determine our fee there may be additional fees. It is very rare that we must charge additional fees and we will let you know if there will be additional fees and how much when the applicable information is received. **To avoid additional fees please complete the client organizer and provide all documents as soon as possible. If you don't have all information just let us know what, if anything, is missing.**

We will return your original records to you at the end of this engagement. Store these records, along with all supporting documents, canceled checks, etc., in a secure location in case these items are needed later to prove accuracy and completeness of a return. We 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 tax returns will conclude with the delivery of the completed returns to you (if paper-filing) or your signature and our subsequent submittal of your tax return (if e-filing). 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. Our engagement DOES NOT include audit support. We will review and discuss all tax notice related to this tax year at no additional charge to you. Any notice that will require additional work will require additional fees for services. These fees will be determined and discussed prior to us completing any additional work.

It is your responsibility to review your returns before they are filed to determine that all income has been correctly reported and that you have substantiation for your deductions. You must pay the balance owed for our services and provide a signed e-file authorization to assure the return is filed by the due date. Tax returns are due the 15<sup>th</sup> day of the 3<sup>rd</sup> or 4<sup>th</sup> month following the close of the tax year. To assure completion of your **personal return (Form 1040)** by the April 15 due date **we must have all information by March 15**. To assure completion of your **personal return** by the extended deadline of October 15 we must have all information by **September 15**. To assure completion of your **business return (Form 1120S, 1065 or 1120)** by the March 15<sup>th</sup> due date **we must have all information by February 15<sup>th</sup>**. To assure completion of your business return by the extended due date of September 15<sup>th</sup> we must have all information by **August 1<sup>st</sup>**. If you know you will need an extension, please let us know now. **An extension gives you additional time to file your tax return. An extension DOES NOT extend the time to pay the taxes owed. Penalties and interest are applied to taxes paid after the April 15th due date. If you need an extension and think you may owe please give us as much information as you can or let us know how much, if any, you can pay with the extension.**

To affirm that this letter correctly summarizes your understanding of the arrangements for this work, sign the enclosed copy of this letter in the space indicated and return it to us in the envelope provided.

Thank you for the opportunity to be of service. If you have any questions, contact our office at (813)304-5569.

Theresa Turner  
Tax Happens LLC  
(Both spouses must sign for preparation of joint returns.)

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
DATE

Accepted By:

Accepted By:

\_\_\_\_\_  
TAXPAYER 1

\_\_\_\_\_  
DATE

\_\_\_\_\_  
TAXPAYER 2

\_\_\_\_\_  
DATE

# S Corporation Tax Organizer

Use a separate organizer for each S corporation

## S Corporation General Information

Legal name of S corporation	EIN	-
S corporation address <input type="checkbox"/> (check if new address)		
S Corporation Representative	Title	
	Email	Phone ( )
<input type="checkbox"/> Yes <input type="checkbox"/> No	Did the corporation have a change of business name or address during the year?	
Principal business activity		
Principal product or service		
<input type="checkbox"/> Yes <input type="checkbox"/> No	Was the primary purpose of the S corporation's activity to realize a profit?	
Accounting method: <input type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify)		
<input type="checkbox"/> Yes <input type="checkbox"/> No	Does the corporation file under a calendar year? (If no, what is the fiscal year?)	

## S Corporation Specific Questions

<input type="checkbox"/> Yes <input type="checkbox"/> No	Did the corporation hold an annual meeting with shareholders with a record of minutes maintained?
<input type="checkbox"/> Yes <input type="checkbox"/> No	Was the corporation a C corporation before it elected to be an S corporation?
<input type="checkbox"/> Yes <input type="checkbox"/> No	Is any shareholder in the corporation a disregarded entity, a partnership, a trust, an S corporation, or an estate?
<input type="checkbox"/> Yes <input type="checkbox"/> No	Did the corporation own directly 20% or more, or own, directly or indirectly, 50% or more of the total stock issued and outstanding of any foreign or domestic corporation?
<input type="checkbox"/> Yes <input type="checkbox"/> No	Did the corporation own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital in any foreign or domestic partnership or in the beneficial interest of a trust?
<input type="checkbox"/> Yes <input type="checkbox"/> No	Did the corporation have any outstanding shares of restricted stock at the end of the tax year?
<input type="checkbox"/> Yes <input type="checkbox"/> No	Did the corporation have any outstanding stock options, warrants, or similar instruments at the end of the tax year?
<input type="checkbox"/> Yes <input type="checkbox"/> No	Did the corporation have any non-shareholder debt that was cancelled, forgiven, or had terms modified to reduce amount of principal?
<input type="checkbox"/> Yes <input type="checkbox"/> No	Was the corporation's S election terminated or revoked during the year?
<input type="checkbox"/> Yes <input type="checkbox"/> No	At any time during the year, did the corporation have an interest in, or signature authority over a financial account in a foreign country?
<input type="checkbox"/> Yes <input type="checkbox"/> No	Was there a distribution of property or a transfer (by sale or death) of a shareholder interest during the tax year?
<input type="checkbox"/> Yes <input type="checkbox"/> No	Does the corporation satisfy the following conditions? <ul style="list-style-type: none"> <li>• The corporation's total receipts for the tax year were less than \$250,000, and</li> <li>• The corporation's total assets at the end of the tax year were less than \$250,000.</li> </ul>
<input type="checkbox"/> Yes <input type="checkbox"/> No	Did the corporation pay \$600 or more of nonemployee compensation to any individual? If yes, include a copy of Form 1099-MISC for each.

## Principal Shareholders Ownership Information

Name/Title	Tax ID number (SSN or EIN)	Address	Ownership percentage	Shareholder stock basis	U.S. citizen?

How many shareholders were there on the last day of the year?

## Shareholders – Provide the following information for any shareholder who was an officer or 2% or more owner of the corporation during the year

Shareholder/Office name	Wages paid	Health insurance premiums paid	Capital contributions from shareholder	Distributions to shareholder	Shareholder loans to corporation	Loans repaid by corporation to shareholder

## All Clients – Additional information and documents required

- Provide the business income/financial statements for the year (per books), balance sheet, depreciation schedule per books, and cash reconciliation of all business bank accounts with ending cash balances.
- If the S corporation has employees, provide a copy of Form W-3, Form 940, Form 941, and any state quarterly tax filing reports.
- If the S corporation made payments of \$600 or more to independent contractors, provide copies of Form 1099-MISC issued.
- If any shareholders live in a different state or outside the United States, provide details. The corporation may be subject to withholding requirements.

## New Clients – Additional information and documents required

- Date incorporated
- State of incorporation
- Date of S corporation election
- Corporation state residence
- Provide a copy of the Articles of Incorporation, bylaws, and any corporate resolutions.
- Provide a copy of the depreciation schedules for book, tax, and AMT.
- Provide copies of returns for the last two years, including state returns. Enclose a copy of IRS Form 2553, *Election by a Small Business Corporation*, and IRS acceptance.

**S Corporation Balance Sheet**

<i>Corporation assets at year end</i>		<i>Corporation debts and equity at year end</i>	
Bank account end of year balance	\$	Accounts payable at year end	\$
Accounts receivable at end of year	\$	Payables less than one year	\$
Loans to shareholders	\$	Payables more than one year	\$
Mortgages and loans held by corporation	\$	Mortgages, notes payable	\$
Stocks, bonds, and securities	\$	Loans from shareholders	\$
Other current assets <i>(include list)</i>	\$	Capital stock <i>(common)</i>	\$
Inventories	\$	Retained earnings	\$

**S Corporation Income *(include all Forms 1099-K received)***

Gross receipts or sales	\$	Dividend income <i>(include all 1099-DIV Forms)</i>	\$
Returns and allowances	\$ ( )	Capital gain/loss <i>(include all 1099-B Forms)</i>	\$
Interest income <i>(include all 1099-INT Forms)</i>	\$	Other income (loss) <i>(include a statement)</i>	\$

**S Corporation Cost of Goods Sold *(for manufacturers, wholesalers, and businesses that make, buy, or sell goods)***

Inventory at beginning of the year	\$	Materials and supplies	\$
Purchases	\$	Inventory at the end of the year	\$
Cost of labor	\$		

**S Corporation Expenses**

Advertising	\$	Management fees	\$
Annual corporation fees	\$	Meals – business	\$
Bad debts	\$	Office supplies	\$
Bank charges	\$	Organization costs	\$
Business licenses	\$	Pension and profit sharing plans – employee	\$
Cleaning/janitorial	\$	Pension and profit sharing plans – shareholder	\$
Commissions and fees	\$	Professional education and training	\$
Compensation of officers	\$	Rent or lease – car, machinery, equipment	\$
Contract labor <i>(include Forms 1099-MISC)</i>	\$	Rent or lease – other business property	\$
Employee benefit programs	\$	Rent paid	\$
Entertainment	\$	Repairs and maintenance	\$
Health care plans – employee	\$	Salaries and wages <i>(include Forms W-2)</i>	\$
Health care plans – shareholder	\$	Taxes – payroll	\$
Insurance <i>(other than health insurance)</i>	\$	Taxes – property	\$
Interest – business credit cards	\$	Taxes – sales	\$
Interest – business loans/credit lines	\$	Telephone	\$
Interest – mortgage	\$	Utilities	\$
Internet service	\$	Other expense	\$
Legal and professional services	\$	Other expense	\$

**Car Expenses *(use a separate form for each vehicle)***

Make/Model	Date car placed in service / /	
<input type="checkbox"/> Yes <input type="checkbox"/> No Car available for personal use during off-duty hours?		
<input type="checkbox"/> Yes <input type="checkbox"/> No Do you (or your spouse) have any other cars for personal use?	Did you trade in your car this year? <input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/> Yes <input type="checkbox"/> No Do you have evidence?	Cost of trade-in	Trade-in value
<input type="checkbox"/> Yes <input type="checkbox"/> No Is your evidence written?	\$	\$
<i>Mileage</i>		<i>Actual Expenses</i>
Beginning of year odometer	Gas/oil	\$
End of year odometer	Insurance	\$
Business mileage	Parking fees/tolls	\$
Commuting mileage	Registration/fees	\$
Other mileage	Repairs	\$

Generally, you can use either the standard mileage rate or actual expenses to figure the deductible costs of operating your car for business purposes. However, to use the standard mileage rate, it must be used in the first year the car is available for business. In later years, you can then choose between either the standard mileage rate method or actual expenses.

**Equipment Purchases – Enter the following information for depreciable assets purchased that have a useful life greater than one year**

<i>Asset</i>	<i>Date purchased</i>	<i>Cost</i>	<i>Date placed in service</i>	<i>New or used?</i>
		\$		
		\$		
		\$		
		\$		

## Equipment Sold or Disposed of During Year

<i>Asset</i>	<i>Date out of service</i>	<i>Date sold</i>	<i>Selling price/FMV</i>	<i>Trade-in?</i>
			\$	
			\$	
			\$	
			\$	

## S Corporation Business Credits (if answered Yes for any of the below, please provide a statement with details)

<input type="checkbox"/> Yes <input type="checkbox"/> No	Did the corporation pay expenses to make it accessible by individuals with disabilities?	
<input type="checkbox"/> Yes <input type="checkbox"/> No	Did the corporation pay any FICA on employee wages for tips above minimum wage?	
<input type="checkbox"/> Yes <input type="checkbox"/> No	Did the corporation own any residential rental buildings providing qualified low-income housing?	
<input type="checkbox"/> Yes <input type="checkbox"/> No	Did the corporation incur any research and experimental expenditures during the tax year?	
<input type="checkbox"/> Yes <input type="checkbox"/> No	Did the corporation have employer pension plan start-up costs?	Total number of employees
<input type="checkbox"/> Yes <input type="checkbox"/> No	Did the corporation pay health insurance premiums for employees?	Total number of employees

## Tax Return Preparation

We will prepare the corporation's tax return based on information provided. In the event the return is audited, you will be responsible for verifying the items reported. It is important that you review the return carefully before signing to make sure the information is correct. Unless otherwise stated, the services for preparation of the corporation's return do not include auditing, review, or any other verification or assurance.

## Taxpayer Responsibilities

- You agree to provide us all income and deductible expense information. If additional information is received after we begin working on the return, you will contact us immediately to ensure the completed tax returns contain all relevant information.
- You affirm that all expenses or other deduction amounts are accurate and that you have all required supporting written records. In some cases, we will ask to review documentation.
- You must be able to provide written records of all items included on the return if audited by either the IRS or state tax authority. We can provide guidance concerning what evidence is acceptable.
- You must review the return carefully before signing to make sure the information is correct.
- Fees must be paid before the tax return is delivered to you or filed for you. If you terminate this engagement before completion, you agree to pay a fee for work completed. A retainer is required for preparation of late returns.
- You should keep a copy of the tax return and any related tax documents. You may be assessed a fee if you request a copy in the future.

**Signatures.** By signing below, you acknowledge that you have read, understand, and accept your obligations and responsibilities.

*Taxpayer*

*Date*

## Privacy Policy

The nature of our work requires us to collect certain nonpublic information. We collect financial and personal information from applications, worksheets, reporting statements, and other forms, as well as interviews and conversations with our clients and affiliates. We may also review banking and credit card information about our clients in the performance of receipt of payment. Under our policy, all information we obtain about you will be provided by you or obtained with your permission.

Our firm has procedures and policies in place to protect your confidential information. We restrict access to your confidential information to those within our firm who need to know in order to provide you with services. We will not disclose your personal information to a third party without your permission, except where required by law. We maintain physical, electronic, and procedural safeguards in compliance with federal regulations that protect your personal information from unauthorized access.