

# Meredith, Elkins & Feldman, PLLC

## *Certified Public Accountants*

P.O. Box 1898  
Morristown, TN 37816

Timothy J. Meredith, CPA, inactive  
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Member: American Institute of Certified Public Accountants  
Tennessee Society of Certified Public Accountants  
Tennessee Association of Accountants

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

Meredith, Elkins & Feldman, PLLC (“firm,” we,” “us,” or “our”) is pleased to provide you with the professional services described below. This letter, and the attached *Terms and Conditions Addendum* and any other attachments incorporated herein (collectively, “Agreement”), confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the services we will provide. The engagement between you and our firm will be governed by the terms of this Agreement.

### **Engagement Objective and Scope**

We will prepare federal and state tax returns for the year ended December 31, 2020 (Check the appropriate box):

1040 Federal Income Tax Return     Income Tax Return for the following states: \_\_\_\_\_

We will also provide the following services for the year ended December 31, 2020 or date otherwise indicated (Check the appropriate box):

Business License             1099's             Prior year's income tax             Bookkeeping services             Gift Tax

Amended Return for the year \_\_\_\_\_     Tax planning/advice             Answer Government Inquiry             W-2's

Other:  \_\_\_\_\_             \_\_\_\_\_             \_\_\_\_\_

We will not prepare any tax returns except those identified above, without your written request, and our written consent to do so. We will prepare your tax returns based upon information and representations that you provide to us. We have not been engaged to and will not prepare financial statements. We will not audit or otherwise verify the data you submit to us, although we may ask you to clarify certain information.

We will prepare the above-referenced tax returns solely for filing with the Internal Revenue Service (“IRS”) and state and local tax authorities as identified above. Our work is not intended to benefit or influence any third party, either to obtain credit or for any other purpose.

You agree to indemnify and hold us harmless with respect to any and all claims arising from the use of the tax returns for any purpose other than filing with the IRS and state and local tax authorities regardless of the nature of the claim, including the negligence of any party.

Our engagement does not include any procedures designed to detect errors, fraud, or theft. Therefore, our engagement cannot be relied upon to disclose such matters.

This engagement is limited to the professional services outlined above.

### **CPA Firm Responsibilities**

Unless otherwise noted, we will perform our services in accordance with the Statements on Standards for Tax Services (“SSTS”) issued by the American Institute of Certified Public Accountants (“AICPA”) and U.S. Treasury Department Circular 230 (“Circular 230”). It is our duty to perform services with the same standard of care that a reasonable income tax preparer would exercise in this type of engagement. It is your responsibility to safeguard your assets and maintain accurate records pertaining to transactions. We will not hold your property in trust for you, or otherwise accept fiduciary duties in the performance of the engagement.

We will prepare your tax returns based upon your filing status (single, married filing jointly, married filing separately, head of household or qualifying widow[er] with dependent child) as reflected in your income tax returns for last year. If your filing status has changed, you wish to change your filing status, or you have questions about your filing status, please contact us immediately.

Confidentiality If the tax returns prepared in connection with this engagement are filed using the married filing jointly filing status, both spouses are deemed to be clients of the firm under the terms of this Agreement. Both individuals acknowledge that there is no expectation of privacy from the other concerning our services in connection with this Agreement. We are at liberty to share with either of you, without prior consent of the other, documents and other information concerning the preparation of your tax returns.

**Bookkeeping assistance** We may deem it necessary to provide you with accounting and bookkeeping assistance solely for the purpose of preparing the tax returns. These services will be performed solely in accordance with the AICPA Code of Professional Conduct. We will request your approval in writing before rendering these services. Additional charges will apply for such services.

**Prior year review** Our review of the prior year's tax return will necessarily be limited and may not find all errors. We will, however, bring to your attention any errors that we find. If you ask us to prepare amended tax returns and address any other matters arising as a result of any error, please check the appropriate box at the beginning of this letter.

**Estimated tax payments** You may be required to make quarterly estimated tax payments. We will calculate these payments for the 2020 tax year based upon the information you provide to prepare your 2020 tax returns (the "safe harbor" basis) and have no obligation to update recommended payments after the engagement is completed. If you ask us to update your estimated tax payments, please check the appropriate box at the beginning of this letter.

**Tax planning services** Our engagement does not include tax planning services. During the course of preparing the tax returns identified above, we may bring to your attention potential tax savings strategies for you to consider as a possible means of reducing your taxes in subsequent tax years. However, we have no responsibility to do so, and will take no action with respect to such recommendations, as the responsibility for implementation remains with you, the taxpayer. If you ask us to provide tax planning services, please check the appropriate box at the beginning of this letter.

**Government inquiries** This engagement does not include responding to inquiries by any governmental agency or tax authority. If your tax return is selected for examination or audit, you may request our assistance in responding to such an inquiry. If you ask us to represent you, please check the appropriate box at the beginning of this letter.

**Third-party requests** We will not respond to any request from banks, mortgage brokers or others for verification of any information reported on these tax returns. We do not communicate with third parties or provide them with copies of tax returns.

### ***Tax Advice***

Our advice is based upon tax reference materials, facts, assumptions, and representations that are subject to change. Tax reference materials include, but are not limited to, the Internal Revenue Code ("IRC"), tax regulations, Revenue Rulings, Revenue Procedures, Private Letter Rulings and court decisions. We will not update our advice after the conclusion of the engagement for subsequent legislative or administrative changes or future judicial interpretations. To the extent we provide written advice concerning federal tax matters, we will follow the guidance contained in Circular 230, §10.37, Requirements for Written Advice.

You agree to advise us if you wish to disclose a tax treatment on your return. If you request our assistance in identifying or performing further research to ascertain if there is "substantial authority" for the proposed position to be taken on the tax item(s) in your returns, please check the appropriate box at the beginning of this letter. It is your responsibility to contact us if additional assistance is required.

If we conclude as a result of our research that you are required to disclose a transaction on your tax return, you consent to attach a completed Form 8275 or 8275-R to your tax return for filing after we discuss the situation with you. You also agree to hold our firm harmless from any and all actual and consequential damages (including but not limited to tax, penalties, interest, and professional fees) you incur as a result of including such disclosures with your filed tax return regardless of the nature of the claim, including the negligence of any party.

Unless an undisclosed tax position meets the "realistic possibility" standard, as applicable, we will be unable to prepare the return and will withdraw from the engagement.

### ***Listed Transactions and Other Reportable Transactions***

The law imposes substantial penalties on taxpayers and tax advisors for failure to disclose listed and other reportable transactions on Form 8886, Reportable Transaction Disclosure Statement. In general, reportable transactions are potentially abusive transactions identified by the IRS whose primary purpose is tax avoidance, including but not limited to listed transactions, confidential transactions, transactions with contractual protection, loss transactions, and transactions of interest. You agree to advise us of any reportable transactions identified under tax laws and regulations. You agree that it is solely your decision to disclose any reportable transactions in the returns we prepare for you.

You acknowledge your responsibility to inform us of any listed transactions or other reportable transactions as designated by the IRS. You agree to hold our firm harmless with respect to any liability including but not limited to, additional tax, penalties, interest and professional fees resulting from your failure to timely notify us, in writing, of all such transactions in order to facilitate the timely preparation and filing of your tax returns.

### ***Client Responsibilities***

We rely upon the accuracy and completeness of the information and other supporting data you provide in rendering professional services to you.

**Documentation** You are responsible for maintaining adequate documentation to substantiate the accuracy and completeness of your tax returns. You should retain all documents that provide evidence and support for reported income, credits, and deductions on your returns,

as required under applicable tax laws and regulations. You are responsible for the adequacy of all information provided in such documents. You represent that you have such documentation and can produce it, if necessary, to respond to any audit or inquiry by tax authorities. You agree to hold our firm harmless from any liability including but not limited to, additional tax, penalties, interest and professional fees resulting from the disallowance of tax deductions due to inadequate documentation.

**Gift Tax Returns** The IRS considers a gift to be any transfer to an individual, either directly or indirectly, where full consideration (measured in money or money's worth) is not received in return. Under federal tax law, certain gifts are taxable and subject to an annual gift tax exclusion amount, which for 2020, is \$15,000 per taxpayer. You are responsible for informing us if gift tax returns are required to be filed. If you ask us to prepare these returns, please check the appropriate box at the beginning of this letter.

**Gifts received from foreign persons** If you received a gift or bequest from a foreign person or trust, you may be required to file a separate IRS Form 3520, *Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts*. We do not prepare this form; therefore, you will need to seek another professional to do so on your behalf.

**Personal expenses** 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 necessary records required by the IRS and other tax authorities. At your written request, we are available to provide you with written answers to your questions on the types of supporting records required.

**State and local filing obligations** You are responsible for determining your tax filing obligations with any state or local tax authorities, including, but not limited to income, franchise, sales, use, property or unclaimed property taxes. You agree that we have no responsibility to research these obligations or to inform you of them. If upon review of the information you have provided to us, including information that comes to our attention, we believe that you may have additional filing obligations, we will notify you of this responsibility in writing and ask you to contact us. If you ask us to prepare these returns, please check the appropriate box at the beginning of this letter.

**U.S. filing obligations related to foreign financial assets** As part of your filing obligations, you are required to report the maximum value of specified foreign financial assets, which include financial accounts with foreign institutions and certain other foreign non-account investment assets that exceed certain thresholds. You are responsible for informing us of all foreign assets. We do not prepare any forms regarding foreign assets; therefore, you will need to seek another professional to do so on your behalf.

**Foreign filing obligations** You are responsible for complying with the tax filing requirements of any other country. You acknowledge and agree that we have no responsibility to raise these issues with you and that foreign filing obligations are not within the scope of this engagement.

**Other income, losses and expenses** If you realized income, loss or expense from a business or supplemental income or loss, the reporting requirements of federal and state income tax authorities apply to such income, loss or expense. You are responsible for complying with all applicable laws and regulations pertaining to such operations, including the classification of workers as employees or independent contractors and related payroll tax and withholding requirements.

**Employment records** You are responsible for obtaining Form I-9, Employment Eligibility Verification, from each new employee at the time of employment. In addition, Federal Form W-4, Employee's Withholding Allowance Certificate, and the applicable state equivalent should be retained for all employees. Failure to obtain these forms may subject an employer to penalties. Additional state requirements related to employment records may exist. At your written request, we are available to provide written answers to your questions on required documentation.

**Worker classification** You acknowledge and confirm that you, in consultation with other professional advisors, as needed, are responsible for determining the correctness of any worker classification. Payroll tax withholding and related employer payroll tax implications result from this determination. We recommend obtaining a signed contract and signed Form W-9, Request for Taxpayer Identification Number and Certification, from all independent contractors. You should also issue a Form 1099-MISC, Miscellaneous Income, to all unincorporated independent contractors and incorporated attorneys to whom you pay \$600 or more for services. At your written request, we are available to provide written answers to your questions on required documentation.

**Government Website Access** You authorize us to access any government website on your behalf to obtain information necessary to accurately prepare your return. However, we are not obligated to use this access to verify information that you provide us.

**Ultimate responsibility** You have final responsibility for your tax returns. We will provide you with a copy of your electronic tax returns and accompanying schedules and statements for review prior to filing with the IRS and state and local tax authorities, as applicable. 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 form before your returns can be filed electronically.

In the event that you do not wish to have your tax returns filed electronically, please contact our firm. Additional procedures will apply. You will be responsible for reviewing the paper returns for accuracy, signing them, and filing them timely with the tax authorities.

### ***Timing of the Engagement***

We expect to begin our services upon receipt of this executed Agreement with all documents necessary to prepare the return requested at our office.

Our services will conclude upon the earlier of:

- the filing and acceptance of your 2020 tax returns by the appropriate tax authorities and mailing or delivery of non-electronically filed tax returns (if any) for your review and filing with the appropriate tax authorities,
- written notification by either party that the engagement is terminated, or
- one year from the execution date of this Agreement.

If you have the option to file a paper return and choose to do so, our services will conclude upon the earlier of:

- mailing or delivery of your 2020 tax returns for your review and filing with the appropriate tax authorities,
- written notification by either party that the engagement is terminated, or
- one year from the execution date of this Agreement.

***Extensions of Time to File Tax Returns***

The original filing due dates for your tax returns are April 15, 2020 for federal and for Tennessee Franchise, Excise Tax and Business License, if applicable. **Due to the high volume of tax returns prepared by our firm, the information needed to complete the tax returns must be received no later than April 1, 2020, so that the returns may be completed by the original filing due dates.**

It may become necessary to apply for an extension of the filing deadline if there are unresolved issues or delays in processing, or if we do not receive all of the necessary information from you on a timely basis. Applying for an extension of time to file may extend the time available for a government agency to undertake an audit of your return or may extend the statute of limitations to file a legal action. All taxes owed are due by the original filing due date. Additionally, extensions may affect your liability for penalties and interest or compliance with governmental or other deadlines.

**To the extent you wish to engage our firm to apply for extensions of time to file tax returns on your behalf, you must notify us of this request in writing. Our firm will not file these applications unless we receive an executed copy of this Agreement and your express written authorization to file for an extension. In some cases, your signature may be needed on such applications prior to filing. Failure to timely request 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.**

We are available to discuss this matter with you at your request. Additional charges will apply for such services.

***Penalties and Interest Charges***

Federal, state, and local tax authorities impose various penalties and interest charges for non-compliance with tax laws and regulations, including failure to file or late filing of returns, and underpayment of taxes. You, as the taxpayer, remain responsible for the payment of all tax, penalties, and interest charges imposed by tax authorities.

We rely on the accuracy and completeness of the information you provide to us in connection with the preparation of your tax returns. Failure to disclose or inadequate disclosure of income or tax positions may result in the imposition of penalties and interest charges.

***Professional Fees***

Our professional fee for the services outlined above are based upon the complexity of the work to be performed, and our professional time, as well as out-of-pocket expenses. In addition, this fee depends upon the timely delivery, availability, quality, and completeness of the information you provide to us. You agree that you will deliver all records requested and respond to all inquiries made by our staff to complete this engagement on a timely basis. You agree to pay all fees and expenses incurred whether or not we prepare the tax returns.

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We appreciate the opportunity to be of service to you. Please date and execute the enclosed copy of this Agreement and return it to us to acknowledge your acceptance. We will not initiate services until we receive the executed Agreement.

Very truly yours,

Meredith, Elkins & Feldman, PLLC

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

\_\_\_\_\_  
Spouse’s Signature (if applicable)

\_\_\_\_\_  
Date