

## CLIENT ENGAGEMENT LETTER

Dear Client,

This letter is to confirm and specify the terms of our engagement with you and to clarify the nature and extent of the services we will provide. In order to ensure an understanding of our mutual responsibilities we ask all clients for whom returns are prepared to confirm the following arrangements.

We will prepare your 2020 federal and state corporate tax returns from information which you will furnish to us. We will provide monthly, quarterly, or annual accounting services as well, if engaged to do so. We will not audit or otherwise verify the data you submit, although it may be necessary to ask you for clarification of some of the information.

It is your responsibility to provide all the information required for the preparation of complete and accurate returns. You should retain all the documents, canceled checks and other data that form the basis of these returns. These may be necessary to prove the accuracy and completeness of the returns to a taxing authority. You have the final responsibility for the income tax returns and, therefore, you should review them carefully before you sign them.

Our work in connection with the preparation of your income tax returns does not include any procedures designed to discover defalcations, fraud and/or other irregularities, should any exist. We will render such accounting and bookkeeping assistance as determined to be necessary for preparation of the income tax returns, but these services do not include any procedures designed to discover defalcations, fraud and/or irregularities, should any exist.

The law provides various penalties that may be imposed when taxpayers understate their tax liability. If you would like information on the amount or the circumstances of these penalties, please contact us.

Your returns may be selected for review by the taxing authorities. Any proposed adjustments by the examining agent are subject to certain rights of appeal. In the event of such government tax examination, we will be available upon request to represent you and will render additional invoices for the time and expenses incurred.

Our fee for these services will be based upon the amount of time required at standard billing rates plus out-of-pocket expenses unless Audit Protection is purchased. ***All invoices are due and payable upon presentation. Additional fees will be billed for additional copies of tax returns, consultations (in person, telephone, e-mail) and letters from taxing authorities unless Audit Protection is purchased.***

If the foregoing fairly sets forth your understanding, please sign the enclosed copy of this letter in the space indicated and return it to our office. However, if there are other tax returns you expect us to prepare, please inform us by noting so at the end of the return copy of this letter. We want to express our appreciation for this opportunity to work with you.

Very truly yours,

RONALD A. MERMER, C.P.A., PC

Accepted By: \_\_\_\_\_ Date: \_\_\_\_\_

Company Name: \_\_\_\_\_

## REPORTING OF FOREIGN ASSETS/CRYPTOCURRENCY ACTIVITIES

BUSINESS NAME \_\_\_\_\_

TAX YEAR 2020

### Disclosure of Foreign Assets

We need to make further inquiries to ensure the \$10,000 penalty (or higher), and the loss of tax return statute of limitation will not affect you:

YES NO

\_\_\_\_ Do you own, directly or with others, any foreign stock or securities, financial instruments, foreign-issued annuities of life insurance or foreign hedge or private-equity funds?  
If so, what country? \_\_\_\_\_  
Estimated value of the stock 12/31/2020 \$ \_\_\_\_\_

\_\_\_\_ Do you have a retirement of deferred compensation plan/account in another country?  
If so, what country? \_\_\_\_\_  
FMV on 12/31/2020 \$ \_\_\_\_\_  
Highest estimated value of the retirement plan during 2020 \$ \_\_\_\_\_

\_\_\_\_ Do you have a bank/brokerage account or a custodial account in another country?  
If so, what country? \_\_\_\_\_  
Highest value of the bank account during the year \$ \_\_\_\_\_

\_\_\_\_ Do you have any other assets outside of the U.S., such as land?  
If so, what country? \_\_\_\_\_  
Description and estimated value of the assets \_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_ At any time during 2020, did you have a financial interest in or signature authority over a financial account (such as a bank account, securities account, or brokerage account) located in a foreign country?  
If "Yes," you may be required to file a form FinCen14 to report that financial interest or signature authority. Enter the name of the foreign country where the financial account is located. \_\_\_\_\_  
Highest value of the financial account during the year \$ \_\_\_\_\_

\_\_\_\_ During 2020, did you receive a distribution from, or were you the grantor of or transferor of a foreign trust? If "Yes," you may have to file Form 3520.

\_\_\_\_ At any time during 2020 did you transact/invest in cryptocurrency activities?  
If yes, provide full details \_\_\_\_\_

\_\_\_\_ **Income from all sources, both domestic and foreign, have been reported.**

The above information is correct to the best of my knowledge.

Taxpayer/Owner \_\_\_\_\_ Date \_\_\_\_\_

## **PAYROLL TAX CREDIT**

These credit will require amending the applicable payroll tax returns for the qualified quarters.

**Employee Retention Credit** - The new bill signed into law on December 27, 2020 has made changes to the Employee Retention Tax Credit. Previously anyone who received a PPP loan was NOT eligible to claim the credit. Under the new law, this has changed. An eligible employer is one who:

1. Has had business suspended or partially suspended by government order,  
OR
2. Has had a decrease in income of over 50% for any quarter of 2020 compared to the similar quarter of 2019.

The credit for 2020 is available for taxpayers who have not used (or will not use) PPP forgiveness proceeds for the same payroll.

Kindly confirm the following:

YES                  NO

1. Business was suspended or partially suspended due to government order.      \_\_\_\_\_

Provide dates of suspension - \_\_\_\_\_

2. Business had a 50% decrease in income from any 2020 quarter compared to \_\_\_\_\_  
the same quarter in 2019 (Provide details).

3. Business paid qualified wages during this period (Provide details)      \_\_\_\_\_

4. Provide names of any employees who are "related individuals" as they are not eligible for the credit. This includes an employer's: child or descendant of a child; brother, sister, stepbrother or stepsister; father or mother or an ancestor of either; stepfather or stepmother; niece or nephew; aunt or uncle; son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in law. A related individual is any person that has any of the above relationships to an owner of more than 50% of the capital and profits interests in the entity.
- \_\_\_\_\_
- \_\_\_\_\_

**Emergency Paid Sick & Expanded Family Medical Leave Credits** - The Families First Coronavirus Response Act ensures that employees are eligible for two weeks of paid sick leave and use of 12 weeks of FMLA leave for several circumstances related to COVID-19. The refundable credits would apply to all wages paid under these programs, effective from April 1st through December 31st, 2020. An eligible employer paid wages to an employee on leave due to: COVID-19 illness, quarantine, caring for an individual in quarantine, caring for a child whose school is closed, or whose childcare provider is no longer available due to COVID-19 illness.

Kindly confirm the following:

YES                  NO

1. Business paid sick leave and/or family medical leave to an employee that \_\_\_\_\_  
meets the above specifications (Provide details)

**I certify that my answers to the above items are true.**

(Please sign) \_\_\_\_\_

After completing and signing the questionnaire, please return to Ronald A. Mermer, C.P.A., PC

## AUDIT PROTECTION PROGRAM

As federal, state, and local budget deficits balloon out of control, the IRS and other taxing authorities are working harder to chase every tax dollar. The IRS is sending out thousands more notices than in past years. Your odds of getting audited or other unwelcomed correspondence are climbing each year. And like it or not, the IRS assumes their conclusions are correct unless you prove otherwise.

Responding to simple written notices can be very expensive and time-consuming, and responding to an actual audit can mean real financial disruption. We have created our Audit Protection Program to help shield you from those unexpected costs. In consideration for a fee of \$300 per year, we will perform the following services:

Services	Audit Protection Plan	No Audit Protection Plan
Resolution (positive or negative) for written notices from federal, state or local authorities	\$300/year	\$250/hr minimum 2 hours plus \$75 Power of Attorney <b>\$575</b>
Audit Representation (up to 8 hours)	Included	\$250/hr minimum 8 hours plus \$75 Power of Attorney <b>\$2075</b>
Up to 2 hours of additional services (phone calls, faxes, e-mails)	Included	\$250/hr minimum 4 hours plus \$75 Power of Attorney <b>\$1075</b>
Income verification letters for lenders and other parties	Included	<b>\$250</b>
Additional copies of returns	Included	<b>\$25</b>
<b>Peace of Mind</b>	<b>Priceless</b>	

This Protection becomes effective upon filing your tax return. Protection must be activated before your return is filed.

**OPT IN**

**OPT OUT** I UNDERSTAND THAT ANY IRS OR STATE NOTICES HANDLED BY OUR OFFICE WILL BE BILLED AT OUR HOURLY FEE OF \$250. I UNDERSTAND THAT IN THE EVENT OF AN IRS OR STATE AUDIT WE WILL REQUIRE AN UPFRONT RETAINER OF \$2,500, WITH ADDITIONAL FEES BILLED AS TIME IS INCURRED.

*THE AUDIT PROTECTION PROGRAM MAY NOT BE OFFERED FOR EVERY TAX RETURN*

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

Print Business Name \_\_\_\_\_