

Hill Tax, Payroll & Bookkeeping

01/01/2024

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Subject: Preparation of Your 2023 Tax Returns

Engagement Letter for Personal Tax Return Preparation

We trust this letter finds you well. We are writing to confirm and outline the terms of our engagement for the fiscal year ending December 31, 2023, and to clarify the scope of the tax services we will be providing. We are eager to collaborate with you and wish to ensure a clear understanding of the arrangements for our services. Your careful review of this letter is crucial to establishing expectations as we embark on this professional relationship. Should you have any queries or concerns regarding this Engagement Letter, we encourage you to contact us for discussion before affixing your signature.

Tax Return Submission Deadlines:

Please be informed that the Personal Income Tax Return deadline is April 15, 2024. To facilitate a timely filing, we kindly request that you submit all necessary information by March 1, 2024. While we cannot guarantee filing by the deadline, based on historical timelines, this date serves as a reasonable target. We commit to notifying you at the earliest if, for any reason, we are unable to meet this deadline. In the event an extension is required, please submit your information by August 1, 2024, for completion by the extended deadline of October 15, 2024. It is important to note that an extension grants additional time for filing, not for payment. Any tax liabilities must be settled by April 15, 2024, to avoid penalties and interest. This means if you believe you will owe, you should plan to make a "payment with extension" by April 15th, 2024, to eliminate or minimize penalties/interest for "failure-to-pay". Regardless of when your documents were provided, we will not be responsible for any failure-to-pay penalties on your balance due.

Rush Requests and Fees:

In cases where information is provided after the due dates of March 1st or August 1st, a "Rush" request may be made for expedited processing. A 10% Rush Fee will be applied; this increases to 20% by April 1st/October 1st and 30% for the final week. This fee ensures the completion of your return by the April 15th or October 15th deadline, respectively. If you opt for an extension, no Rush Fee is necessary.

Fee Structure:

Our standard rates apply to tax return preparation, with payment accepted via Cash, Check, Zelle, Venmo, or CashApp (excluding Credit Card). Additional fees for bookkeeping services (\$250/hour) and the preparation of extra schedules may apply if needed. All charges are due before the release or filing of the return. You will be provided with a cost estimate for any charges exceeding the basic rate for your approval.

Information Submission and Accuracy:

To streamline the process, please complete the electronic information checklist and questionnaire provided. By submitting this information, you confirm its truthfulness, accuracy, and completeness and that you have truthfully disclosed to us all income and other relevant facts affecting the returns. You further represent that you have provided us true, correct, and complete information regarding amounts you claimed as tax deductions, and have maintained written documentation supporting all amounts, including logbooks and receipts. We will not audit or otherwise verify the information you give us; however, we may ask for additional clarification of some information. It is your responsibility to promptly inform us of any changes or additional information affecting your return. You will contact us immediately if you discover additional information that will lead to a change in your return, or if you receive any letters from the IRS, state, or local taxing authorities. You are responsible for the proper recording of financial activities, for the safeguarding of assets, and for the substantial accuracy of your financial records. The law imposes various penalties when taxpayers understate their tax liability. We recommend you retain all documents, canceled checks, receipts and other data that form the basis of income and deductions for at least 3 years after filing your return. Please remember, you have the final responsibility for the information on your income tax returns. Please keep all originals for your records.

Document Retention:

In line with our firm's document retention policy, we will retain work papers and tax returns for seven (7) years. After this period, these records will no longer be available. Physical deterioration or catastrophic events may shorten the time during which our records will be available. The working papers and files of our firm are not a substitute for the original records of your company. When any records are returned to you, it is your responsibility to retain and protect the records for possible future use, including potential examination by governmental or regulatory agencies. It is agreed and understood that in connection with the performance of this engagement by Hill Tax, Consulting & Financial Services LLC, that the work papers prepared by us shall remain the property of Hill Tax, Consulting & Financial Services LLC.

Policies:

Please note the following policies:

- No release of tax return information until payment is received in full.
- Expedited fees for returns which we received your information within 45 days of the deadline(s) will be assessed if you insist for them to be completed by the deadline (i.e. by requesting a “rush”).

Secure Information Transfer:

For secure information transfer, we recommend using our portal or dropping off documents at our office. If no portal is available, one can be set up for you at no cost. Originals should not be sent, and files sent via email should be password-protected.

Authorization for IRS Discussions:

The IRS permits you to authorize us to discuss, on a limited basis, aspects of your return for one year after the return’s due date. Your consent to such a discussion is evidenced by checking a box on the tax return. Unless you tell us otherwise, we will check that box authorizing the IRS to discuss the return with us.

Potential Government Examination:

Be aware that your returns may be subject to review by taxing authorities. Additional charges may apply for representation during government tax examinations or for assistance in responding to notices received.

Withdrawal and Compensation:

We reserve the right to withdraw from the engagement if disclosure obligations are not met. In such cases, compensation for services up to the withdrawal date is expected. You retain the right to choose another professional for return preparation.

Payment Terms:

All invoices are due upon completion of the income tax. Unpaid balances accrue interest at 18% per annum, along with collection charges, court costs, and reasonable attorney fees. Dishonored checks incur a \$25.00 charge and shall be subject to the provisions contained in ORS §697.520 and ORS §30-701-1. Failure to make timely payments constitutes a breach of this Engagement Letter, entitling us to pursue legal remedies.

Governing Law:

This Engagement Letter is governed by the laws of the State of Oregon.

Scope of Engagement:

Any services not explicitly outlined in this letter are not included in this engagement.

To formalize our agreement, kindly return all four pages of the signed copy of this letter.

We appreciate your attention to these details and look forward to a productive collaboration.

Sincerely,

Thank you for your business!!

Respectfully,
Hill Tax, Payroll & Bookkeeping

Taylor Hill

CLIENT ACKNOWLEDGEMENT

Client Signature: _____

Print Name: _____

Date: _____

What You Want in 2024

At Hill Tax, Payroll & Bookkeeping we want to help you achieve the goals that are important to you. By answering the following questions (not required), we will be able to understand your unique situation better. We look forward to being your Business & Tax Partner.

Please tell us 3 things you would like to accomplish in 2024 to improve your business situation.

1. _____
2. _____
3. _____

Please share 3 things that you would like Hill Tax to do to help you accomplish the above in 2024.

1. _____
2. _____
3. _____

Items needed for 2023 Personal Income Tax Return

Please provide **photocopies** of the following information for us to complete your 2023 Income Tax Return. **Please do not send the originals to us.** We ask that you retain the originals in a safe place in your possession in case questions arise or further information is needed from them in the future.

General information

- 1) Refer to the Basic Taxpayer Electronic Organizer.
- 2) Copies of last two years Federal & State tax returns. **If we prepared your returns, there is no need to send copies.**

Income information

- 1) Copies of all W-2 forms that you or your spouse may have received from your employer(s).
- 2) Copies of 1099 forms that you may have received for other income.
- 3) Copies of 1099-INT or 1099-DIV forms that show interest or dividend income.
- 4) Copy of last year's state tax refund (1099-G).
- 5) Distributions from a Health Savings Account (1099-SA).
- 6) Distributions from IRA, 401(K) or other retirement accounts (1099-R).
- 7) Documentation on capital gains you may have had through asset sales in 2023 (1099-B).
- 8) Unemployment compensation (1099-G)
- 9) Social Security benefits received (1099-SSA).
- 10) Any other types of income you may have for 2023.

Adjustments to Income

- 1) Contributions to a Health Savings Account (need some form of confirmation).
- 2) Contributions to SEP, Simple or other qualified plans.
- 3) Premiums paid for self-employed health insurance (if you have a business and no offer of insurance through spouse).
- 4) Alimony paid and date of divorce.
- 5) IRA contributions for 2023.
- 6) Student loan interest paid (1098-E).
- 7) Tuition and fees paid for college education (1099-T).

Itemized deductions

- 1) Medical expenses (doctors, dentists, eyeglasses, prescriptions, employee health insurance premiums, etc.)
- 2) Real estate taxes paid.
- 3) Personal property tax paid (automobiles, etc.)
- 4) Mortgage interest paid on your residence (Form 1098 or other documentation).
- 5) Points paid on your residence.
- 6) Charitable contributions by cash or check.

Itemized deductions (continued)

- 7) Charitable contributions made in kind (clothing, automobiles, furniture, etc.). Fair Market Value and Date.
- 8) Casualty losses from theft or fire.

Other deductions and credits

- 1) Child and dependent care costs (need name, address, SSN/FEIN, and amount paid).
- 2) Credit for elderly or disabled.
- 3) Residential energy credit for improving the efficiency of your home.
- 4) Taxes paid to foreign country.

Payments

- 1) Documentation of payments or estimated payments that you may have made toward your 2023 taxes. (does not include amounts paid with 2022 return for additional taxes owed for 2022)

If you owned a business that could be considered a sole proprietorship in 2023, we need the following information to complete the Schedule C for your tax return:

- 1) What activity the business was engaged in.
- 2) Total revenue earned by the business in 2023.
- 3) Categorized expenses incurred by the business in 2023 (summarized).
- 4) Total miles and total business miles driven for the year and year/make/model of vehicle.
- 5) Information on a home office if one was used (please request spreadsheet template from us).
- 6) Any depreciable assets used by the business. (computers, office furniture, etc.) purchased over \$2,500.

If you personally owned rental properties in 2023, we need the following information for your Schedule E:

- 1) Address and location of new properties.
- 2) Amount paid for the new properties purchased (typically closing statement provides this info).
- 3) Rental income for the individual properties.
- 4) Cost of any improvements made to the properties.
- 5) Expenses for the maintenance and operation of the properties.
- 6) Information as to whether or not you can be considered a real estate professional (the greater of 750 hours **and** more than 50% of your personal services, if you have another job, devoted to working in real estate activities for 2023).
- 7) HUD Statements (closing statements) on any property purchased in 2023.

Thank you for allowing us to assist you in this process.