

1040 Income Tax Return Engagement Letter & Privacy Notification

This letter is written to confirm our understanding of our engagement to prepare your income tax return(s) and those of your minor children and the nature and extent of the services we will provide. Please read this letter carefully because it is important to both our firm and to you that you understand what you can and cannot expect from our work.

The Internal Revenue Service imposes penalties on taxpayers and on us, as tax return preparers, for failure to observe due care in reporting for income tax returns. In order to ensure an understanding of our mutual responsibilities, we ask all clients for whom we prepare tax returns to confirm the following arrangements.

SERVICE FEE

To calculate your IRS refund or liability, your tax preparer must manually enter all your information into our tax software and conduct a full interview to determine the optimal method for handling your tax return. At the end of this process, the preparer has completed all the work necessary to file your return. As such, if you are not satisfied with the results of the return and choose not to have our office file your taxes for you, we will charge a \$50 service fee for the work performed for you.

TAXPAYER RESPONSIBILITIES

Please initial the items below to confirm your understanding of your responsibilities:

_____ I understand that it is my responsibility to carefully examine and to approve my tax return before signing and submitting it to the IRS.

_____ I understand that Federal law requires taxpayers to maintain adequate records to substantiate deductions claimed and that it is no longer sufficient to use only cancelled checks or credit card statements:

_____ I understand that the following are the IRS substantiation requirements, and I certify that if I take any of these deductions that I can meet them:

Mileage: A written, timely-kept daily log tracking the business miles traveled, the purpose of the trip, and the annual mileage on the vehicle. This log is required even if the vehicle is 100% business use. If you use actual expenses rather than standard mileage rates, you will need to provide receipts of the expenses.

Entertainment: Actual receipt from the place providing the entertainment service that shows the amount of the expense, the person(s) entertained, and the business purpose.

Moving: Receipts, invoices, airline tickets, cancelled checks, credit card statements, mileage log (tracking the daily mileage), and statements of reimbursement from your employer.

Cash Donation under \$250: A receipt from the donee listing the organization's name, the date, and the amount of the contribution.

Cash Donation \$250 or more: A written acknowledgement from the organization stating the value of the donation and acknowledging that no goods or services were given to the donor in return for their donation.

Non-Cash Donations of \$500: An appraisal of the item is required.

_____ I understand that while Alaska Tax Service may keep a copy of the substantiation records I submit to them, as a courtesy, that the ultimate responsibility for maintaining those records is mine.



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ALASKA TAX SERVICE RESPONSIBILITIES

We will prepare your _____ Federal Income Tax Form 1040 and the appropriate forms and schedules from the information you submit to us; we will make no other verification of the data you submit although we may ask for clarification of some of the information. This will apply to auto, travel, entertainment, home-office and other related expense deductions taken on, but not limited to, Schedules A, C, D, and E. We are responsible for preparing only the returns listed specifically in this letter.

You may request that we perform additional services not contemplated by this engagement letter. If this occurs we will communicate with you regarding the scope and estimated cost of these additional services. Engagements for additional services will necessitate that we amend this letter or issue a separate engagement letter to reflect the obligations of both parties.

Our fee does not include responding to inquiries or examination by taxing authorities. However, we are available to represent you and our fees for such services would be covered under a separate engagement letter.

In the interest of facilitating our services to you, we may communicate by facsimile transmission or send electronic mail over the Internet. Such communications may include information that is confidential to you. While we will use our best efforts to keep such communications secure in accordance with our obligations under applicable laws and professional standards, you recognize and accept that we have no control over the unauthorized interception of these communications once they have been sent and consent to our use of these devices during this engagement.

New privacy laws were established by the IRS effective January 1, 2009, and we are now prohibited from providing confidential information or copies to anyone other than you without your specific, written authorization. Please expect to provide that written authorization before we can release any of your confidential information.

Our bill will be rendered upon completion of your return and is payable when presented. We accept payment by cash, check, credit or debit card. Billings become delinquent if not paid within 30 days of the bill date. Checks that are returned to us for insufficient funds will be assessed an additional fee of \$30.00. Accounts that we have to turn over to a collection service will be assessed by us an additional 33% of the original bill. The cost for additional copies of tax returns is \$10.00 per copy.

We appreciate the opportunity to serve you. Please date and sign this letter to acknowledge your agreement with and acceptance of your responsibilities and the terms of this engagement.

I have read the above terms of the engagement letter and agree with the terms of this engagement.

 Taxpayer (signature)

 Date

 (print name)

 Spouse (signature)

 Date

 (print name)