

KLW ACCOUNTING & TAX LTD.

420 Pierce Street
Gilberts, IL 60136
klwaccountingtax@live.com

Phone: 847-214-6296
Fax: 847-628-4803
www.klwaccountingtax.com

BUSINESS INCOME TAX RETURN ENGAGEMENT LETTER FOR 1120 – 1120S – 1065

Business Name: _____

Business Owner(s): _____

Dear Business Client:

Thank you for choosing KLW Accounting & Tax Ltd. for your business tax return preparation needs. Please be advised that the following information is important and pertinent to the services to be performed for you.

We will prepare your **2020 federal and state(s) business tax returns** from information that you will provide for us. We will not audit the data you submit, nor will we otherwise verify the accuracy thereof. We may, however, find it necessary to ask you questions for clarification purposes. The work performed in preparation of your business tax returns does not include any procedures designed to discover defalcations or other irregularities, if any. To the extent that it is determined to be necessary in the preparation of your business tax returns, we will render accounting and bookkeeping services. These services will be billed to you as part of your total business tax return preparation fees.

Your responsibilities associated with the preparation of your business tax returns require that you maintain the documentation necessary to support and substantiate the data used in preparing your tax returns. Maintaining this documentation includes, but is not limited to, those tax deductions allowed for automobile use, travel, entertainment, gifts and related expenses, and any/all charitable contributions. By affixing your signature below, you are confirming to us that unless we are otherwise advised, all expenses in your accounting records are supported by the necessary records required under the Internal Revenue Code. If you have any questions in this regard, we will be happy to advise you accordingly. We cannot be held responsible for the disallowance of doubtful deductions, or inadequate and/or improper substantiation, and therefore, the resultant taxes, interest and penalties. Additionally, management is responsible for the proper recording of transactions in the books of accounts, for the safeguarding of assets, and for the accuracy of the financial records. Therefore, it is the responsibility of management to examine the business tax returns prior to approving of them by signing and filing them with the taxing governmental agencies.

Understatement of tax liabilities may result in penalties and interest assessed by taxing authorities. If your business is an S corporation or partnership, tax attributes of the business entity generally flow through to the business shareholders or partners. The understatement of tax relating to S corporations or partnerships may result in penalties imposed at either the business or shareholder/partner level.

Although we will do our utmost best to ensure that your tax returns are prepared and ready for filing by **March 15, 2021 (April 15, 2021 for C corporations)**, we must have any/all of your information and documentation **no later than February 01, 2021 (March 01, 2020 for C corporations)** to ensure timely filing. If, by February 01, 2021, (March 01, 2021 for C corporations), we have not received any/all of your information, **we will do our best to have your returns prepared by the due date, but will file an automatic extension on your behalf if necessary.** **PLEASE NOTE: any tax that may be due with the eventual filing of your returns MUST be paid with the extension filing due March 15, 2021 (April 15, 2021 for C corporations).** Any tax amounts not paid by the March 15, 2021 (April 15, 2021 for C corporations) filing deadline are subject to IRS/State(s) assessment of interest and late payment penalties.

This engagement letter covers only our business tax preparation services rendered for you, and does not include any services or related fees relative to review of and/or response to, inquiries or examinations by taxing authorities. At your request, we will assist you towards the resolution of any tax matters and we will provide a separate engagement letter for our representation, on your behalf, in such matters. If, due to errors or omissions on our part, your tax returns are audited or assessed penalties and interest, we will provide representation at no charge to you, and will remit the penalty and interest portion of any amount due as a result of our error. We will not pay the tax portion of the amount due.

We understand that there are areas of tax law that are unclear, and sometimes even different taxing agencies conflict with each other as to the interpretation of the law. Where tax law is not clear, or if there is reasonable justification for doing so, we will use our judgment in resolution of questions in your favor. In doing so, we will explain to you the possible positions that may be taken on your return(s). We will follow whatever position you request, provided it is consistent with the tax codes, regulations and interpretations that have been promulgated. If the position taken is later contested and challenged by the taxing authority, there may be a disallowance of deductions and resultant taxes, interest and penalties assessed. We will assume no responsibility for these additional taxes, interest and penalties. If in the event that you should ask us to agree to taking a tax position that does not, in our judgment, meet the applicable rules and laws, we reserve the right to discontinue work at that time, and will not be subsequently responsible for any damages that occur as a result of the discontinuation of work.

It is our policy to maintain our file for you, in which we retain tax returns prepared for you, by our firm, over the past seven years. Although we do maintain copies in our file of your documentation submitted for each tax return we prepare, we return the originals to you. We are not responsible for maintaining your original and other tax documentation, and we suggest that you protect your records and documents in case of future need and/or examination. We reserve the right to charge a nominal fee for providing copies of your copied original documentation from our files.

If this engagement letter is to your understanding and agreement, please sign and date the enclosed copy of this letter on the line indicated below, and return to our office.

Again, we wish to thank you for choosing KLW Accounting & Tax Ltd. for business tax preparation services. We do appreciate your continued business, and we wish you the very best throughout 2021.

Sincerely,
KLW Accounting & Tax Ltd.

Accepted By: _____

On This Date: _____

Please Note: ***2020 business tax organizers and vehicle information sheets are available at www.klwaccountingtax.com, click on the Client Resources tab.***