

**Kerri S Reed, CPA LLC**

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Thank you for choosing Kerri S Reed, CPA LLC to assist you with your 2024 income tax returns. This letter confirms the terms of our engagement with you. It outlines the nature and extent of the services we will provide and our mutual responsibilities thereof.

**Engagement and Scope of Services**

We will prepare your 2024 federal and any required state or local income tax returns. We depend on you to provide the information required to prepare complete and accurate returns. In the course of our engagement, it may be necessary for you to clarify some of the information you submit, but we will not audit or otherwise verify the data you submit.

We have not been engaged to prepare financial statements. Our work is not intended to benefit or influence any third party, either to obtain credit or any other purpose. You agree to indemnify and hold us harmless with respect to all claims arising from the use of the tax returns for any purpose other than filing with the IRS, state, or local tax authorities regardless of the nature of the claim.

The law imposes penalties when taxpayers underestimate their tax liabilities. We are not responsible for returns prepared with inaccurate or misstated information that has been provided to us, either by you or persons acting on your behalf. You have the final responsibility for the income tax returns and you should review them carefully before you sign them.

Our engagement to prepare your 2024 tax returns is limited to the professional services outlined above and will conclude with the delivery of the completed returns to you (if paper-filing), or your signature and our subsequent submittal of your tax return (if e-filing).

**Our CPA Firm Responsibilities**

Unless otherwise noted or agreed upon, we will perform our services in accordance with the Statements on Standards for Tax Services (SSTSs) issued by the American Institute of Certified Public Accountants (AICPA) and US Treasury Department Circular 230 (Circular 230). It is our duty to perform services with the same standard of care that a reasonable tax return preparer would exercise in this type of engagement. It is your responsibility to maintain and safeguard accurate records pertaining to your tax documentation.

An Organizer is available to help you collect the data required for your return. The Organizer will help you avoid overlooking important information. By using it, you will contribute to efficient preparation of your returns and help minimize the cost of our services.

We will perform accounting services only as needed to prepare your tax returns. Our work will not include procedures to find fraud, defalcations or other irregularities. Accordingly, our engagement should not be relied upon to disclose such issues. We will inform you of any suspected material errors, fraud, or other illegal acts we discover. We have not been engaged to and will not prepare financial statements.

We will prepare your tax returns based upon your filing status (single, married filing jointly, married filing separately, head of household or qualifying widow with dependent child) as reflected on your income tax returns from last year. If your filing status or dependency exemptions have changed, you must notify us of these changes prior to the preparation of the returns.

### **Confidentiality**

In order to protect your tax return and related information in accordance with the AICPA guidelines, we will not mail or email any sensitive information unless it is through the use of a secure portal system. If you mail your information to us, we accept no responsibility for its secure receipt by our office. A copy of our Written Information Security Plan (WISP) is available and published on our website at KerriReedCPA.com.

If your returns are filed using the married filing jointly filing status, both clients are deemed clients in equal status of the firm under the terms of this agreement. Both spouses acknowledge that there is no expectation of privacy from the other spouse concerning our services in connection with this agreement. We are at liberty to share the information, including but not limited to the tax return, related forms and schedules, tax documents and other information, in its entirety with either spouse, without prior consent of the other spouse.

### **Professional Judgement**

Should we encounter instances of unclear or potential conflicts in the interpretation of the tax laws, we may be called upon to use our professional judgement to resolve these issues. We will explain the possible positions and outline the reasonable courses of action and the risks and consequences of each. We will ultimately adopt, on your behalf, the alternative you chose provided it agrees with the Internal Revenue Code (IRC), tax regulations, revenue rulings or any other similar federal, state and local regulatory guidance. Should the IRS, state or local tax authorities later contest the position you select, additional tax, penalties, and interest may be assessed. We assume no liability and you hereby release us from any liability including but not limited to additional tax, penalties, interest, and related professional fees that may incur.

### **Inquiries from Taxing Authorities**

Occasionally, returns are selected for review or audit by taxing or other governmental authorities. If your tax returns are selected for examination or audit, you may request our assistance in responding to these inquiries. These services are not included in this engagement and will be performed and billed separately. We reserve the right to not accept engagements outside of the preparation of the returns as outlined in this letter.

Should you receive a notice from a taxing authority regarding your returns prepared by our office, we suggest that you forward a copy of all pages to us so we can determine if additional investigation is required. We will notify you of our findings. If additional work is required, we will confirm this engagement on a separate agreement.

### **Third Party Communications**

We will not respond or provide information to requests from banks, mortgage brokers, or other service providers or any other requests for verification of any information reported on these returns. We do not communicate with or provide them with copies of your tax returns.

### **Prior Year Review**

If you are a new client, we prefer to review the prior year returns to ensure that we have all required items of income, expenses or other tax-related items. Should we find an error, we will bring it to your attention and review our suggested course of action. If we deem amended returns are necessary, we will confirm this engagement in a separate agreement.

### **Tax Planning and Estimated Tax Payments**

Tax planning is not included in the scope of this engagement. In the course of preparing your returns, we may identify and bring potential tax savings strategies to your attention or ask if you anticipate any changes in your tax situation in the future. However, we have no obligation to do so under the scope of this engagement. Should you be aware of any potential upcoming tax scenario changes, we do strongly suggest that you contact us to determine how it will affect your future income tax liabilities. We will not prepare detailed tax planning computations unless agreed upon and engaged to do so in a separate agreement.

In the event we determine it necessary for you to make estimated tax payments to help avoid interest and penalties in future years, we will calculate them based on the current year return using the "safe harbor" method as defined by the Internal Revenue Code. **Estimated tax payments are traditionally due on April 15, June 15, Sept 15 and January 15**, if your returns will be extended, it is your responsibility to let us know if we need to provide you with 2025 tax-year vouchers. If we need to perform tax planning services to determine the estimated tax amounts, these planning services are outside of the scope of this engagement and if agreed to do so, we will confirm this in a separate engagement.

### **Paper Filing**

In the event you do not wish to file your returns electronically, please contact our office as additional procedures will be necessary. You will then be responsible for reviewing, signing and mailing the returns to the appropriate filing agencies. We bear no responsibility for the timely filing, processing or data security of any returns that are paper-filed.

### **Professional Service Fees**

Our professional fees for the services outlined in this engagement are based on the complexity of the work to be performed and the time required to complete the returns. If there is additional or reduced work from the prior year return, your fee may increase or decrease accordingly. Our fee also depends on the timely delivery, quality and completeness of the information you provide. You agree that you will deliver all records requested and respond to all inquiries made by our staff in a complete and timely manner. Once your return has been prepared, you agree to pay all fees and expenses incurred, whether or not we file the returns on your behalf. Billing inquiries should be addressed prior to our engaging in services. You agree to pay the invoiced amount upon receipt and prior to the release of the completed returns. We will not release incomplete or unfiled returns. To the extent permitted by state law, an interest charge/late fee may be added to all accounts not paid within thirty (30) days.

## **Client Responsibilities**

### **Record Keeping**

We will keep copies of your returns and pertinent tax documents for seven years after which these documents will be destroyed. We will return your original records to you at the end of this engagement. You should securely store these records, along with all supporting documents, canceled checks, etc. These items may later be needed to prove accuracy and completeness of a return in the event they are selected for review by the tax authorities.

They will need to be picked up at our office upon completion of the engagement. It is your responsibility to retain and protect your records for possible future use. In the event your returns are selected for review by taxing authorities, you may be requested to produce your returns and any related tax documents and other evidence to substantiate the items of income and deductions shown on the returns. For this reason, we suggest keeping your returns and related records indefinitely.

### **Bookkeeping**

We may find it necessary to provide you with accounting or bookkeeping assistance for the purpose of preparing a complete and accurate tax return in accordance with the AICPA code of professional conduct. Should we determine that these services are necessary, we will notify you before these services are performed and you will be billed for these required services. You agree to pay for these services.

### **Personal vs Business Expenses**

Business owners are responsible for ensuring that personal expenses are not included as business expenses unless they are ordinary and necessary expenses related to the business as defined by the Internal Revenue Code. We strongly recommend that expenses such as travel, meals, auto use, gifts and any other expense that could be improperly deducted are supported by written documentation.

### **State and Local Filing Requirements**

You are responsible for notifying us of your tax filing obligations that may be required in any state or local taxing jurisdictions. This includes but is not limited to income, sales, use or property taxes. This may arise if you have moved out of state, earned income from another state, or conducted business in any state other than your state of domicile. If we determine based on the information provided to us that you may have additional filing obligations, we will notify you. You acknowledge that any additional income tax returns that are deemed necessary are not included in the scope of this engagement and will be billed accordingly.

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

It may be necessary to file an extension of the filing deadline if we do not receive all of the necessary information from you in a timely manner. This extension allows for extra time to file your return, but the estimated tax due must be paid with the extension on the original return filing date. It is your responsibility to let us know if your income has changed and a payment should be made with the extension.

**Due to the high volume of tax returns prepared by our firm, you must provide all of the information needed to prepare your tax returns no later than March 1, 2025. Failure to do so may result in the inability to complete your returns by the original filing due date and an extension may be required.**

If you wish us to file an extension on your behalf, you must notify us in writing on or before April 1, 2025. Failure to request an extension in a timely manner may result in penalties and interest, which will accrue from the original due date of the returns. We will not file an extension without written authorization.

### **Penalties and Interest Charges**

Federal and state taxing authorities impose penalties and interest charges for late filing, late payment, underpayment of taxes, and for non-compliance with the tax laws and regulations. You, as the taxpayer, are responsible for the payment of all tax, penalties, and interest charges imposed by tax authorities.

### **Final responsibility**

You are ultimately responsible for the accuracy of your returns. We will provide you with a draft copy of your return, accompanying schedules and statements prior to filing with the taxing authorities. You agree to review them carefully for accuracy and completeness. You are required to verify and sign the Form 8879, IRS e-file Signature Authorization and any similar state or local authorization form required. These forms must be signed before we can efile the returns.

### **Special Items Checklist**

The following is a list of various items that must be confirmed by each taxpayer. Please read, confirm and check the appropriate boxes on the checklist attached.

To affirm that this letter correctly summarizes your understanding of the arrangements for this work, please sign this letter in the space indicated and return it to us.

We appreciate your confidence in us. Please call or email us if you have questions or concerns. We look forward to seeing you soon.

Sincerely,

Kerri S Reed CPA  
Kerri S Reed, CPA LLC  
(Both spouses must sign for preparation of joint returns.)

Accepted By:  
Taxpayer

Spouse

Date

## SPECIAL ITEMS CHECKLIST

Please write **YES**, **NO**, or **N/A** on the appropriate lines and sign below:

**Virtual Currency:**

At any time in 2024, did you receive, sell, send, exchange or otherwise acquire any financial interest in any virtual/crypto currency? \_\_\_\_\_

**Foreign Accounts:**

Did you have an interest in, or signature authority over, foreign financial accounts whose aggregate value exceeded \$10,000 at any time during the year? \_\_\_\_\_

**Election Contribution:**

Do you or your spouse wish to contribute \$3 to the Presidential Election Campaign and/or \$1 to the state election campaign? \_\_\_\_\_

**State Sales and Use Tax:**

Most states require use tax reporting. You may be subject to use tax for any purchases of taxable goods or services during the year and did not pay sales tax on those goods or services. If you believe you purchased items subject to use tax, please check  Yes and provide a list of any purchases subject to use tax. \_\_\_\_\_

**Advance Premium Tax Credits:**

If you, your spouse, or dependent enrolled in health care coverage through the Marketplace for 2024 and you paid health care premiums, you must file and attach Form 8962 to your return. In order to complete this form, we will need you to provide form 1095-A that you should have received from the Marketplace Insurer Provider. Failure to provide this form with the originally filed return may result in notification by the IRS and additional services may need to be provided. This will be billed at an additional charge. If you have coverage through the marketplace, please indicate and be sure to include Form 1095-A with your tax documents.

**Self-Employed Individuals-Form 1099 requirements:**

If you are self-employed and paid for rent, legal, subcontract or other services, you may be required to issue forms 1099-NEC and/or 1099-MISC. Did you file these forms as required? \_\_\_\_\_

**Dependents**

You certify that all information provided regarding eligibility to claim dependency exemptions and related credits. This includes residency status, support/head of household status, student status and right to claim dependent(s) is correct. \_\_\_\_\_

**Massachusetts:**

**Name verification:**

Do you verify that your name matches your Driver's License and Social Security Card? If not, you may be precluded from filing electronically. \_\_\_\_\_

**Septic Credit:**

Have you installed a new Septic system at your primary residence? \_\_\_\_\_

**Accepted By:**

Taxpayer Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Taxpayer Spouse Signature: \_\_\_\_\_

Date: \_\_\_\_\_