



## Engagement Letter

**PLEASE SIGN & DATE BACK OF PAGE & RETURN WITH TAX DOCUMENTS**

RE: Preparation of 2022 Federal and State Income Tax Returns Engagement Letter

NAME(S): \_\_\_\_\_

*[Please print Full Name(s) and any related Business Name(s)]*

We appreciate the opportunity to work with you. ***Please carefully review and sign. This letter sets forth pertinent information about the services we will perform for you.***

We will prepare your 2022 federal and state income tax returns from the information that you furnish to us. 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. Our work in preparing your tax returns does not include any procedures designed to discover defalcations and/or irregularities, should any exist.

It is your responsibility to provide all information required for the preparation of complete and accurate returns in a timely manner. If we do not receive your information in a timely manner, you may be subject to late fees and penalties. We assume no liability for late filing or late payment penalties.

Required information includes, but is not limited to, providing us with the information necessary to identify (1) all states and foreign countries in which you “do business” or derive income (directly or indirectly) and (2) the extent of business operations in each relevant state and/or country. We will not audit or verify the data you submit, although we may ask you to clarify it or furnish us with additional data. We do not keep any original client records, so we will return those to you at the completion of the services rendered under this engagement. You should retain all the documents, books, and records that form the basis of your income and deductions. The documents may be necessary to prove the accuracy and completeness of the returns to a taxing authority. We are not responsible for the disallowance of deductions or inadequately supported documentation, nor for resulting taxes, penalties, and interest. You have the final responsibility for the tax returns and, therefore, you should review them carefully before signing and submitting to appropriate authorities or authorizing e-filing.

The duration and impact of the coronavirus pandemic have been expansive, and several stimulus packages have been signed into law in the United States (“U.S.”) providing economic relief to businesses and individuals. Many of those relief measures have been in the form of tax provisions, and some of those tax provisions have retroactive application.

We will use our professional judgment in preparing your returns. Given the magnitude of recent provisions and regulations, the U.S. stimulus packages have contained, additional stated guidance from the Internal Revenue Service (IRS), and possibly from Congress in the form of technical corrections on certain income tax provisions may be forthcoming. We will use our professional judgment and expertise to assist you given the guidance as currently promulgated at the time our services are rendered. Subsequent developments issued by the applicable tax authorities may affect the information we have previously provided, and these effects may be material. If a taxing authority should later contest the position taken, there may be an assessment of additional tax, interest and penalties. We assume no liability for any such assessment of additional tax, penalties or interest.

Please note that the IRS considers virtual currency (e.g., Bitcoin) and other digital assets (e.g., NFTs) as property for U.S. federal tax purposes. You agree to provide us with complete and accurate information regarding any transactions in, or transactions that have used, virtual currency during the applicable tax year.

If your return includes business activities, businesses that engage in out-of-state sales (i.e., remote sales) are impacted by a new standard looking at a business's economic presence ("economic nexus"). As our engagement is limited to preparing the income tax returns specified above, our firm is not rendering any services designed to assess your sales and use tax risks and potential exposure to economic nexus. Any additional services would be covered under a separate engagement letter. In addition, if your business has employees working remotely in another locality, state and/or foreign country, even on a temporary basis, your company may be viewed as having "nexus" in that location for tax purposes and obligated to pay additional franchise, income, sales or use tax; payroll or other business tax, etc. You are responsible for tracking the locations where your employees live and work and determining the tax compliance requirements in those respective locations. If you require our assistance to assess your potential tax exposure in locations other than your normal place of business where you may have employees residing, please let us know. Any additional services would be covered under a separate engagement letter.

You agree to provide us with complete and accurate information regarding any foreign accounts that you and/or your entity may have had a direct or indirect interest in, or signature authority over, during the above referenced tax year. Failure to disclose the required information may result in substantial civil and/or criminal penalties. We assume no liability for penalties associated with the failure to file or untimely filing of any of these forms.

We are responsible for preparing the tax returns. Our tax return preparation fee does not include tax planning services and/or responding to inquiries or examination by taxing authorities. In the event your return(s) is/are selected for review by taxing authorities, we will be available upon request to assist you and will render additional invoices for the time and expense incurred. Payment is due when services are rendered and as any expenses are incurred. You are acknowledging and agreeing that in the event we stop work or withdraw from this engagement as a result of your failure to pay on a timely basis, we shall not be liable for any damages that occur as a result of our ceasing to render services.

In connection with this engagement, we may communicate with you or others via email and other reasonable electronic transmissions, especially in response to communications you initiate (e.g., Slack, Google Drive, etc.). We take reasonable measures to secure your confidential information with respect to such transmissions. However, as electronic communications can be intercepted and read, disclosed or otherwise used or communicated by an unintended third party, we cannot guarantee that electronic transmissions from us will be properly delivered to and read only by the intended addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for the interception or unintentional disclosure or communication of such transmissions, or for the unauthorized use or failed delivery of such transmissions by us in connection with the performance of this engagement.

**Because of the importance of oral and written representations to the effective performance of our services, you agree to release and indemnify our firm and its personnel from any and all claims, liabilities, costs and expenses attributable to any misrepresentation by you and your representatives.** If this letter fairly sets forth your understanding, please sign and date in the below-indicated spaces and return it to us. We look forward to being a part of your team!

Very truly yours,

**ORCHARD ACCOUNTING, INC.**

Accepted By: \_\_\_\_\_ (please sign here)

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