

Kenney Tax & Accounting, LLC

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1120/1120S/1120C Business Engagement Letter Individual Income Tax Returns

Thank you for choosing KENNEY TAX & ACCOUNTING, LLC to assist you with your **2024** taxes. This letter confirms the services you have asked our firm to perform and the terms under which we have agreed to do that work. If you are confused at all by this letter or believe we have misunderstood what you need, please call us before you sign it.

This engagement letter represents the entire agreement regarding the services described herein and supersedes all prior negotiations, proposals, representations, or agreements, written or oral, regarding these services. It shall be binding on the heirs, successors and assigns of you and us. The Internal Revenue Service imposes penalties on taxpayers, and on us as return preparers, for failure to observe due care in reporting for income tax returns. To ensure an understanding of our mutual responsibilities, we ask all clients for whom we prepare tax returns to confirm the following arrangements.

Tax Preparer Responsibilities

1. We will prepare the **2024** federal and MN income tax returns for _____ (Entity Name). We will depend on management to provide the information we need to prepare complete and accurate returns. We may ask management to clarify some items but will not audit or otherwise verify the data submitted. We may furnish you with tax organizers and questionnaires to help you gather and organize the necessary information for us. **If the entity has taxable activity in a state other than Minnesota, you are responsible for providing our firm with all information necessary to prepare any additional applicable state(s) or local income tax returns as well as informing us of the applicable states. We will prepare only those additional state returns specifically listed here:**

2. **We are responsible for preparing only the specific business income tax forms for the specified reporting agencies listed in this letter. Any other required services, forms or other actions on our part require a separate engagement letter. In the absence of written communications from us documenting such services, our services will be limited to and governed by the terms of this engagement letter.**

3. We will perform accounting services only as needed to prepare the tax returns. Our work will not include procedures to find defalcations or other irregularities. Accordingly, our engagement should not be relied upon to disclose errors, fraud, or other illegal acts, though it may be necessary for management to clarify some of the information submitted. We will inform management of any material errors, fraud, or other illegal acts we discover.

Taxpayer/Entity Responsibilities

4. The Entity and/or its agents and officers agree to furnish an accurate account of all income and expenses for the tax year to Kenney Tax & Accounting, LLC in a timely manner. Additional clarification and/or forms of this information may be requested by Kenney Tax & Accounting, LLC including but not limited to tax organizers, financial statements, general ledgers, copies of invoices and payments, etc.

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5. Please note that any person or entity subject to the jurisdiction of the United States (includes individuals, corporations, partnerships, trusts and estates) having a financial interest in, or signature or other authority over, bank accounts, securities, or other financial accounts having an aggregate value exceeding \$10,000 in a foreign country, shall report such a relationship. Although there are some limited exceptions, filing requirements also apply to taxpayers that have direct or indirect control over a foreign or domestic entity with foreign financial accounts, even if the taxpayer does not have foreign account(s). For example, a corporate-owned foreign account would require filings by the corporation and by the individual corporate officers with signature authority. Failure to disclose the required information to the U.S. Department of the treasury may result in substantial civil and/or criminal penalties. Such disclosure includes filing Form 8938 with Form 1040. **If you do not provide our firm with information regarding any interest you may have in a foreign account, we will not be able to prepare any of the required Income Tax-related forms and penalties may be due, for which we will have no responsibility. In the absence of such information being provided we will presume you do not have any foreign assets or financial interest and will not file any applicable disclosure forms without separate written authorization.**

6. If you and/or your entity have a financial interest in any foreign accounts, **you are responsible** for filing Form FinCen 114 required by the U.S. Department of the Treasury on or before April 15th of each tax year.

7. In addition, currently the Internal Revenue Service, under IRC §6038 and §6046, requires information reporting if you are an officer, director or shareholder with respect to certain foreign corporations (Form 5471); foreign-owned U.S. corporation or foreign corporation engaged in a U.S. trade or business (Form 5472); U.S. transferor of property to a foreign corporation (Form 926); and, for taxable years beginning after March 18, 2010, if you hold foreign financial assets with an aggregate value exceeding \$50,000 (Form 8938). These code sections describe the information required to be reported on the respective forms, which are due when your income tax return is due, including extensions. Therefore, if you fall into one of the above categories **you** may be required to file one of the above-listed forms. Failure to timely file may result in substantial monetary penalties. By your signature below, you accept responsibility for informing us if you believe that you fall into one of the above categories and you agree to provide us with the information necessary to prepare the appropriate form(s). We assume no liability for penalties associated with the failure to file or untimely filing of any of these forms.

8. ***UPDATE – On Dec. 3, 2024, a federal court issued a nationwide preliminary injunction in the case Texas Top Cop Shop, Inc., et al. v. Garland, et al., temporarily halting the enforcement of the CTA's BOI reporting requirements.*** The 2021 Corporate Transparency Act, aimed at reducing money laundering, created a new reporting requirement for businesses referred to as Beneficial Ownership Reporting (BOI). Existing businesses are required to file the new form online by 12/31/24. New businesses must file the new form online within 90 days of formation. Updates to existing businesses must be filed online within 30 days of the change. There are penalties and/or criminal charges that may be imposed for failure to file or report changes by the due dates. **You are responsible for filing the required forms online with FINCEN.** Visit the FINCEN website at <https://fincen.gov/boi> for more information.

9. It is your responsibility to maintain, in your records, the documentation necessary to support the data used in your tax returns, including but not limited to the auto, travel, entertainment, and related expenses and the required documents to support charitable contributions. If you have any questions as to the type of records required, please ask us for advice in that regard. It is also your responsibility to carefully examine and approve your completed tax returns before signing and mailing them to the tax authorities or signing the e-file signature form.

Other Items

10. Our fee does not include responding to inquiries or examination by taxing authorities or third parties, for which you will be separately billed for time and expenses involved. However, we are available to represent you, and these

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services would be covered under a separate engagement letter. You agree to immediately notify us upon receipt of any correspondence from any agency covered by this letter. Please do not respond to or click on any links from emails purportedly from the IRS – the IRS never initiates correspondence via email and any such emails are attempts to steal your identity.

11. Our fee does not include responding to questions or inquiries from any party, including you, after the tax return has been completed. Any questions or other tax matters that arise after the tax return has been completed and e-filed require a separate engagement letter and will be billed at our then current rates.

12. Payment for services rendered is due upon the completion of your tax return, regardless of whether you choose to file the tax return at the time of completion or later. If your payment is returned from the bank as dishonored, a \$30 return check fee will apply.

13. You will be provided with a copy of your completed tax return in paper and/or electronic form. Requests for additional copies will incur a fee of \$25 per individual tax return and \$50 per business tax return.

14. We are not responsible for the disallowance of doubtful deductions or inadequately supported documentation, nor for resulting taxes, penalties, and interest. We will rely, without further verification, upon information you provide to us from 3rd parties including, but not limited to K1's, 1099's, 1098's, and receipts and similar items.

15. Work will not begin on your tax return until you have provided us with all tax documents and necessary information to prepare a complete and accurate tax return. We cannot guarantee that your tax return will be completed by March 15th (for 1120S) or April 15th (for 1120 and 1120C) if we do not receive all your information by February 14, 2025 (for 1120S) or March 24, 2025 (for 1120/1120C). In addition, a rush fee in the amount of \$75 will be added to your bill. If you receive additional information after we prepare your return, an additional fee will be charged to make the necessary changes. If an amended return is required, it may not be completed prior to the due date of your return. A separate engagement letter and fee will apply.

16. WE DO NOT automatically file tax extensions for clients – you must notify us in writing, email, or fax, by March 1st (for 1120S) or April 1st (for 1120/1120C) if you wish us to file an extension, and the notification should include your estimate of any balance due with the extension. A retainer in the amount of \$500 will be required. Failure to file an extension may make you subject to various penalties and interest. Additionally, if your return is extended it does not relieve you from paying any tax due by the due date or making quarterly estimated tax payments for the current year. Failure to pay any tax due with the extension or failure to pay quarterly estimated tax payments may make you subject to various penalties and interest.

17. The law imposes penalties when taxpayers underestimate their tax liability. Call us if there are any concerns about such penalties.

18. We will use our professional judgment in preparing your returns. Whenever we are aware that a possibly applicable tax law is unclear or that there are conflicting interpretations of the law by authorities (e.g., tax agencies and courts), we will explain the possible positions that may be taken on your return. We will adopt whatever position you request on your return so long as it is consistent with the codes, regulations and interpretations that have been promulgated. If the Internal Revenue Service should later contest the position taken, there may be an assessment of additional tax plus interest and penalties. We assume no liability for any such additional penalties or assessments. **When a self-employed taxpayer reduces taxable income there is also a reduction in earned income reported to the Social Security Administration, which could reduce current and future benefits for the taxpayer and his or her dependents. You acknowledge and agree to the current tax reduction and the potential negative effects on future social security benefits for you, your spouse, and any dependents.**

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19. 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. Your communications with us regarding matters raised in preparation of your tax returns are “confidential”, not “privileged”. That means, in most cases, our communications cannot be disclosed to third parties without your approval. Tax advice has limited protection from disclosure to the Internal Revenue Service. On the other hand, privileged communications are not permitted to be disclosed, even in court. There is no accountant-client privilege in criminal tax matters. Accordingly, if our firm is serviced by a properly issued administrative summons compelling us to testify in court proceedings, even our confidential communications are subject to disclosure, except in the limited circumstance of tax advice. In the event our firm is served with a summons regarding your affairs, we will immediately contact your legal counsel so that your rights can be protected.

20. It is our policy to keep records related to this engagement for up to seven years, after which they are destroyed. However, 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. When records are returned to you, it is your responsibility to retain and protect your records for possible future use, including potential examination by any government or regulatory agencies.

21. If management has not selected to e-file the returns with our office, management will be solely responsible to file the returns with the appropriate taxing authorities. The officer should review all tax-return documents carefully before signing them. Our engagement to prepare the **2024** tax returns will conclude with the delivery of the completed returns to management, or with e-filed returns, with the tax matters representative's signature and our subsequent submittal of the tax return.

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

23. It is our policy to initiate services after we receive the executed engagement letter and all tax documents and other information necessary to prepare a complete and accurate tax return. If any provision of this agreement is declared invalid or unenforceable, no other provision of this agreement is affected, and all other provisions remain in full force and effect.

Sincerely,

Christina Kenney, E.A.

KENNEY TAX & ACCOUNTING, LLC

Accepted by:

Officer Signature

Printed Name

Date

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