

**LAWRENCE & ASSOCIATES, INC.**

**dba Lawrence Tax Service**

5650 El Camino Real, Suite 225 ♦ Carlsbad, California 92008

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**2023 ENGAGEMENT LETTER**

Dear Lawrence Tax Service Client:

Thank you for selecting Lawrence Tax Service (LTS) to assist you with your tax preparation, planning and audit representation needs. This letter confirms the terms of our engagement with you and the nature and extent of services we will provide.

During calendar year 2023, we will prepare your 2022 Federal, and if necessary, all state income tax returns you request using information you provide to us. We may ask for clarification of some items, per IRS Circular 230 Due Diligence Standards, but we will not audit or otherwise verify the data you submit.

It is your responsibility to provide information required for preparation of complete and accurate returns including all items on the LTS data collection sheets and "Things to Bring List". You should keep all documents, canceled checks and other data that support your reported income and deductions for a period of no less than eight years from filing. They may be necessary to prove accuracy and completeness of the returns to a taxing authority. You are responsible for the returns, so you should review them carefully before signing. Client represents that all payments (income reported) are from legal source income and that all cash or digital receipts and expenses are included in reported data provided LTS for tax preparation.

Our work will not include any procedures to discover defalcations or other irregularities. The only accounting or analysis work we will do is that which is necessary for preparation of your income tax returns. Nor do we customarily prepare payroll, sales tax or pension returns.

We will use our judgment in resolving questions where the tax law is unclear, or where there may be conflicts between the taxing authorities' interpretations of the law and other supportable positions. Unless you instruct us otherwise, we will apply the "REASONABLE BELIEF THAT THE TAX TREATMENT OF THE POSITION WAS MORE LIKELY THAN NOT THE PROPER TREATMENT" standard to resolve such issues in your favor where possible.

The law imposes penalties when taxpayers understate their tax liability. If you have concerns about such penalties, please call us. Certainly, contact us should you receive any notices from the taxing authorities. CA MyFTB taxpayer account access for your referenced preparer is granted when executing this Agreement.

Your returns may be selected for audit by a taxing authority. Any proposed adjustments are subject to appeal and any tax, penalties and interest deficiencies are entirely your obligation. In the event of a tax examination, we can arrange to be available to represent you. Our fees for such representation will be based on the hourly rate charged by the LTS personnel assigned to your case. Fees and expenses for defending the returns will be invoiced on a monthly basis and due upon receipt in accordance with terms we agree on for that engagement.

Our fee for preparation of your tax return is normally based on the attached minimum fee schedule that is updated on a yearly basis. Our tax preparation fee will be greater than the minimum fee per the schedule in the event that the time involved in preparing your return, charged at the hourly rate of the personnel assigned to your case, exceeds the minimum fee per the schedule. In addition, tax planning and consultation services are charged at the hourly rate of the LTS tax personnel assigned to your case. All invoices are due and payable upon presentation. To the extent permitted by state law, an interest charge may be added to all accounts not paid within thirty (30) days. In addition, we may notify the taxing authorities to remove our name as a paid preparer of your return, thus avoiding the responsibility as a paid preparer, should your invoice remain unpaid by year end. This Agreement will be interpreted according to CA and FEDlaw.

We will retain copies of records you supplied to us along with our work papers for your engagement for a period of not to exceed four years or the standard statute of limitations if shorter. After such time, our work papers and engagement files will be destroyed. All of your original records will be returned to you at the end of this engagement when the services rendered are initially complete. You should keep the original records in secure storage for future reference.

Client Privacy/Data Security Policy: Located on our website and provided in a separate document available upon request. Please know, we do not share your private tax information with anyone (e.g. lenders, mtg brokers, etc.) without obtaining your written permission because that's the law. Furthermore, with regard to client data security, LTS maintains cyber-risk security procedures including our encrypted portal which we encourage all clients to use. However, client agrees that 100% perfect security is impossible and cannot be guaranteed.

Foreign Asset Disclaimer: LTS has made you aware that U.S. taxpayers are required to report their worldwide income, that is, income from both U.S. and foreign sources. In addition, taxpayers who own, have an interest in, or signature or other authority over, assets in a foreign country, may be required to report the existence of the asset. Client agrees and indemnifies LTS that client has reported to LTS any and all foreign assets in which client has either ownership or signatory authority including but not limited to funds in foreign financial institutions, real estate, rights to foreign pension plans, rights to distributions from foreign estates or trusts, life insurance with cash surrender values or any other foreign assets. Failure to comply with these U.S. laws could result in severe penalties.

Worker Classification Disclaimer: Client agrees that LTS will not be responsible for advising client with respect to independent contractor status as part of the LTS services. If client has any questions regarding the classification of employees versus independent contractors, LTS strongly encourages client to consult with legal counsel experienced in employment practice matters.

Affordable Care Act (ACA) Disclaimer: Client agrees that LTS will not be responsible for advising client with respect to ACA rules other than to prepare the required income tax forms and schedules related to regular annual income tax filing per this engagement agreement.

Additional conditions of this engagement, if applicable, are attached or referenced below: \_\_\_\_\_

Related Entity Returns to be prepared for which the parties waive potential conflicts: 990/706/709 \_\_\_\_\_

1040 \_\_\_\_\_ 1065 \_\_\_\_\_

1041 \_\_\_\_\_ 1120/S \_\_\_\_\_

To indicate that this letter correctly summarizes your understanding of the arrangements for this work, please sign the enclosed copy of this letter in the space indicated and return it to us in the envelope provided. We appreciate your confidence in us. Please call if you have questions.

Lawrence Tax Service

Miles C. Lawrence, E.A.

Richard Moore, EA

Brett Strother, EA, CPA

Randa "Rhonda" Ibrahim, EA

**AGREED TO and ACCEPTED BY CLIENT:**

**Signature(s):** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Client(s) Name:** \_\_\_\_\_

**Address:** \_\_\_\_\_

**MINIMUM FEE SCHEDULE FOR INCOME TAX SERVICES PROVIDED IN 2023**

Client \_\_\_\_\_ Date \_\_\_\_\_ Tax Year \_\_\_\_\_ Preparer \_\_\_\_\_  
 Mail \_\_\_\_\_ To Pick Up \_\_\_\_\_ Paid \_\_\_\_\_ Bill \_\_\_\_\_

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**Personal Return (incl ACA compliance)**

Form 1040 (& one State) 300.00 \_\_\_\_\_  
 Schedule A (Fed or State) 100.00 \_\_\_\_\_  
 Out of State Return 150.00 \_\_\_\_\_ per state  
 Form 8995 (and A) 150.00 \_\_\_\_\_ per QTB

Form 1045 300.00 \_\_\_\_\_  
 State/Fed non-conformity Variable per item

**Schedule C & F**

Business or Farm Income 300.00 \_\_\_\_\_  
 Self Employ. Tax Sch.SE 50.00 \_\_\_\_\_  
 Depreciation Schedule @ 10.00 \_\_\_\_\_ per item  
 Home Office Comp. (8829) 100.00 \_\_\_\_\_

**Schedule D Transactions**

Schedule D (per form) 50.00 \_\_\_\_\_  
 Form 8949 (each) 20.00 \_\_\_\_\_ per item  
 Form 8453 Spc Attachment 50.00 \_\_\_\_\_

Qlf Sm Bus Stock 150.00 \_\_\_\_\_  
 Sale of Residence 150.00 \_\_\_\_\_ Sch.  
 4797 Trans. / Recap. 75.00 \_\_\_\_\_  
 Installment Sale (6252) 100.00 \_\_\_\_\_ Tax  
 Deferred Exch (8824) 400.00 \_\_\_\_\_  
 CA Form 3840 150.00 \_\_\_\_\_

Foreclosure, Short Sale, COD  
 Income & Repos (982) 500.00 \_\_\_\_\_

**Other Income Items**

Schedule B (Int/Div) 5.00 \_\_\_\_\_ per item  
 Rental Property (Sch.E) 150.00 \_\_\_\_\_ each

Depreciation Schedule \_\_\_\_\_  
 @ \$10.00 per item \_\_\_\_\_

Partnership, S-Corp, Trst (K-1) 150.00 \_\_\_\_\_ each  
 Passive Loss limit (8582) 100.00 \_\_\_\_\_

**Pension Items**

I.R.A. (8606) 75.00 \_\_\_\_\_  
 Keogh-SEP-Simple-Solo 100.00 \_\_\_\_\_  
 401k-DB/DC  
 Premature Distrib (5329) 75.00 \_\_\_\_\_ IRA  
 (Roth, Reg., Ed.) 50.00 \_\_\_\_\_  
 Minimum Distrib. Calculation 40.00 \_\_\_\_\_

Rollover/Conversions (8606) 75.00 \_\_\_\_\_

**Foreign Items**

Foreign Tax Credit (1116) 50.00 \_\_\_\_\_

Foreign Income (2555) 300.00 \_\_\_\_\_  
 Form 114 (was TD F90-22.1) 200.00 \_\_\_\_\_  
 Form 8938 300.00 \_\_\_\_\_

**Other Schedules**

Accounting Method (3115) 500.00 \_\_\_\_\_  
 Moving Expenses (3903) 60.00 \_\_\_\_\_  
 Employee Bus. Exp. (2106) 90.00 \_\_\_\_\_  
 Add Medicare Tax (8959) 50.00 \_\_\_\_\_  
 Casualty Loss (4684) 200.00 \_\_\_\_\_  
 Estimated Tax (1040ES) 100.00 \_\_\_\_\_  
 Underpymt. Pen. Com (2210) 50.00 \_\_\_\_\_  
 Ext Time File (4868/7004). 50.00 \_\_\_\_\_  
 Net Inv Inc Tax (8960) 100.00 \_\_\_\_\_  
 Net Operating Losses (& 461) 200.00 \_\_\_\_\_  
 At Risk Limitation (6198) 75.00 \_\_\_\_\_  
 Investment Interest (4952) 100.00 \_\_\_\_\_  
 Deceased Taxpayer Ref (1310) 100.00 \_\_\_\_\_  
 Alternative Min. Tax (6251) 75.00 \_\_\_\_\_  
 Kiddie Tax (8615/CA3800) 150.00 \_\_\_\_\_  
 Parent's Election (8814) 75.00 \_\_\_\_\_  
 Non-Cash Contributions (8283) 75.00 \_\_\_\_\_  
 Household Employees (Sch.H) 100.00 \_\_\_\_\_

Health Savings Acct (8889) 100.00 \_\_\_\_\_  
 Power of Attorney (2848) 100.00 \_\_\_\_\_  
 Install Agreement Req (9465) 100.00 \_\_\_\_\_

**Tax Credits**

Child Tax Credit (8812) 100.00 \_\_\_\_\_  
 Due Diligence Checklist (8867) 75.00 \_\_\_\_\_  
 Child Care Credit (2441) 100.00 \_\_\_\_\_  
 Recapture of Inv Tax Cr (4255) 50.00 \_\_\_\_\_  
 Earned Inc Cr (EIC) 150.00 \_\_\_\_\_  
 Tax Paid to Other State 100.00 \_\_\_\_\_  
 Energy Credit (5695) 100.00 \_\_\_\_\_  
 Minimum Tax Credit (8801) 75.00 \_\_\_\_\_  
 Education Cr (8863) 100.00 \_\_\_\_\_

**Other Items**

Amended Prior Yr Tax Return 400.00 \_\_\_\_\_  
 Compute W-4 30.00 \_\_\_\_\_  
 Extra Copy of Return 25.00 \_\_\_\_\_  
 Postage-Handling 20.00 \_\_\_\_\_  
 Form 1099 or W-2 Prep. 50.00 \_\_\_\_\_ each  
 Minimum Fee per Appt. 360.00 \_\_\_\_\_  
 Client change rerun 50.00 \_\_\_\_\_  
 Trust Return (1041) 850.00 \_\_\_\_\_  
 Corporate return (1120) 1,200.00 \_\_\_\_\_  
 Partnership Return (1065) 1,200.00 \_\_\_\_\_

Consulting & Audit Rep hourly rates:  
 MCL \$360; RM \$280, BS \$260, RI \$180

Computer, E-File & Gen Admin Charges 225.00 \_\_\_\_\_

There will be an additional charge for any  
 schedules not listed.

**Total Fee**

- The LTS fee charged clients will be equal to the practitioner's hourly rate times hours worked unless the above Minimum Fee Schedule based on the forms and schedules required to complete the return adds up to a greater charge.
- Payment is due at the time services are rendered and considered late if not remitted within 30 days of invoicing. LTS reserves the right to charge a finance charge equal to 1% per month for all late accounts receivable. Furthermore, unpaid invoices outstanding as of December 31, 2023 may be reported to IRS so that LTS is removed as the preparer of such filed returns.