2024 Parkers Prairie Tax Service Engagement Letter for Tax Services

Dear Tax Client:

This letter is to confirm and specify the terms of our engagement, and to clarify the nature and extent of the services we will provide. To ensure an understanding of our mutual responsibilities, we ask all clients for whom returns are prepared to confirm the following:

We will prepare your 2024 federal and state income tax returns from information which you will 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. We will furnish you with questionnaires and worksheets to gather the necessary information. Your use of such forms will assist in keeping the fee to a minimum.

It is your responsibility to provide all the information required for the preparation of complete and accurate returns. You should retain all the documents, cancelled checks and other data that form the basis of income and deductions. These may be necessary to prove the accuracy and completeness of the returns to a taxing authority. You have the final responsibility for the income tax returns and, therefore, you should review them carefully before you sign them. Our work in connection with the preparation of your income tax returns does not include any procedures designed to discover defalcations and/or irregularities, should any exist. We will render such accounting and bookkeeping assistance as determined to be necessary for the preparation of the income tax returns.

Our fee for all services will be based upon the amount of time required at standard billing rates plus out-of-pocket expenses. <u>**Payment is required before your return can be considered complete, and therefore, it will not be filed or released without payment.**</u> Cash, check, or E-Check (Processing fees of E-Check $2.00) are all acceptable payment methods. If your check bounces, you will be subject to a $35 returned check charge. **We are not a document storage facility; it is YOUR responsibility to keep your records. You will be provided with one copy of your tax return, if additional copies are needed a minimum $50 fee per return will be charged.**

Timing of the Tax Engagement – We expect to begin our services <u>***upon the receipt of the completed 2024 income tax organizer and all tax documents requested either in the organizer***</u> or by our office. Our services will conclude upon the earlier of: the filing and acceptance of your 2024 tax returns by the appropriate tax authorities and delivery of 1 copy of your tax return for your review and copy retention, written notification by either party that the engagement is terminated, or one year from the execution date of this Agreement.

Penalties and Interest Charges – Federal, state, and local tax authorities impose various penalties and interest charges for non-compliance with tax laws and regulations, including failure to file or late filing of returns, and underpayment of taxes. You will be responsible for the payment of any additional tax, penalties, and interest charges imposed by tax authorities. If you would like information on the amount or the circumstances of these penalties, please contact us.

Your returns may be selected for review by the taxing authorities. Any proposed adjustments by the examining agent are subject to certain rights of appeal. In the event of such government tax examination, we will be available upon request to represent you and will render additional invoices for the time and expenses incurred.

Third-Party Verification Requests - We will <u>not</u> respond to any request from banks, mortgage brokers, or others for verification of any information reported on these tax returns. <u>**We do not communicate with third parties or provide them with copies of tax returns**</u>.

State and Local Filing Obligations – You are responsible for fulfilling your filing obligations with any state or local tax authorities, including but not limited to, income, franchise, sales, use, and property taxes or abandoned and unclaimed property. The preparation of any state or local tax return not listed above is not within the scope of our engagement. If from the information you have provided to us; including information that comes to our attention; we believe that you may have additional filing obligations, we will notify you. You will be responsible for tax due, and penalties associated with the failure to file or untimely filing of any form for which we were not engaged to prepare.

Divorce - If you inform us of your <u>**pending divorce**</u>, we will advise you to seek independent tax advice, as you may have conflicting interests.

Email Communications – In connection with this engagement, we may communicate with you or others via email transmission, as emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails form us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with eh performance of this engagement.

U.S. Filing Obligations Related to Foreign Financial Assets – As part of your filing obligations, you are required to report the maximum value of specified foreign financial assets, which include financial accounts with foreign institutions and certain other foreign non-account investment assets that exceed certain thresholds. You are responsible for informing us of all foreign assets, so we may properly advise you regarding your filing obligations.

Parkers Prairie Tax Service is not rendering any legal services as part of our engagement, we will not be responsible for advising you regarding the legal or regulatory aspects of your compliance with the CTA, nor are we responsible for the preparation or submission of beneficial ownership information reports to FinCEN. **We shall have no liability resulting from your failure to comply with CTA.** If you have any questions regarding compliance with the CTA, we strongly encourage you to consult with qualified legal counsel experienced in this area. Information regarding the BOI reporting requirements can be found at https://www.fincen.gov/boi.

If the foregoing fairly sets forth your understanding, please sign the enclosed copy of this letter in the space indicated and return it to our office. However, if there are other tax returns you expect us to prepare, please inform us by noting so at the end of the return copy of this letter.

Taxpayer Signature:____ Date: ________________

Spouse Signature:____ Date: ________________

Questions

Please check the appropriate box and include all necessary details and documentation.

Personal Information

	No	Yes
Did your marital status change during the year? **If yes, explain**	______	______
Did you live separately from your spouse during the last six months of the year?	______	______
Do you have a separate decree, instrument, or agreement and are not living in the same household by the end of the year?	______	______
Did your address change from last year? **If yes, new address:**	______	______
Can you be claimed as a dependent by another taxpayer?	______	______
Did you change any bank accounts, or did routing transit numbers (RTN) and/or bank account number change for existing bank accounts that have been used to direct deposit (or direct debit) funds from (or to) the IRS or other taxing authority during the tax year?	______	______
Do you, your spouse (if applicable), and any dependents have a taxpayer identification number (SSN, ITIN, or ATIN)?	______	______
Did you receive an Identity Protection PIN (IP PIN) from the IRS, or have you been a victim of identity theft? **If yes, attach the IRS letter for filing returns in 2025:**	______	______
Did you reside in or operate a business in a Federally declared disaster area? (The Federally declared disaster areas include victims of hurricanes, tropical storms, floods, as well as wildfires)	______	______
Did your driver's license expire, change or are you a new client? **If yes, copies needed**	______	______

Dependent Information-If yes; Dependent Questionnaire Needed

	No	Yes
Were there any changes in dependents from the prior year? **If yes, explain:**	______	______
Do you have any children under age 19 or a full-time student under age 24 with unearned income more than $2,600?	______	______
Do you have dependents who must file a tax return?	______	______
Did you provide over 1/2 support for any other person(s) other than your dependent children during the year?	______	______
Did you pay for childcare while you worked, looked for work, or while a full-time student? **If yes, please provide the detail tax/payment statement:**	______	______
Is there any other person(s) who lived with you more than half the year but not claimed by you last year?	______	______
Did you pay any expenses related to the adoption of a child during the year?	______	______
If you are divorced or separated with child(ren), do you have a divorce decree or other form of separation agreement which establishes custodial responsibilities?	______	______
Did any dependents receive an Identity Protection PIN (IP PIN) from the IRS or have they been a victim of identity theft? **If yes, attach the IRS letter for use during 2025:**	______	______

Purchases, Sales and Debt Information

	No	Yes
Did you start a new business or purchase rental property during the year?	______	______
Did you have ownership interest in any type of business?	______	______
Did you sell, exchange, or purchase any assets used in your trade or business?	______	______
Did you acquire a new or additional interest in a partnership or S corporation?	______	______
Did you sell, exchange, or purchase any real estate during the year?	______	______
Did you purchase or sell a principal residence during the year?	______	______
Did you foreclose or abandon a principal residence or real property during the year?	______	______
Did you acquire or dispose of any stock during the year?	______	______
Did you take out a home equity loan this year?	______	______
Did you refinance a principal residence or second home this year?	______	______
Did you sell an existing business, rental, or other property this year?	______	______
Did you lend money with the understanding of repayment and this year it became totally uncollectable?	______	______
Did you have any debts canceled or forgiven this year, such as a home mortgage or student loan(s)?	______	______
Did you purchase a new or previously owned clean vehicle this year that is eligible for the new clean vehicle credit? **If yes, attach the vehicle statement from the dealer**	______	______
Did you Receive a form 1099-K for the sale of personal property for a gain of loss?		

Income Information

	No	Yes
Did you have any foreign income or pay any foreign taxes during the year, directly or indirectly, such as from investment accounts, partnerships, or a foreign employer?	______	______
Did you receive any income from property sold prior to this year?	______	______
Did you receive any unemployment benefits during the year?	______	______
Did you receive any disability income during the year?	______	______
Did you receive any Medicaid waiver payments as difficulty of care during the year?	______	______
Did you receive tip income not reported to your employer this year?	______	______
Did any of your life insurance policies mature, or did you surrender any policies?	______	______

Did you receive any awards, prizes, hobby income, gambling, or lottery winnings? .... _____ _____

Did you receive any income considered to be nonemployee compensation? .... _____ _____

Did you receive a Form 1099-K, 1099-MISC, 1099-NEC, or other income statement for work done in what is commonly referred to as the "gig" economy? .... _____ _____

Did you receive a Form 1099-K for a distribution payment form an online crowdfunding solicitation? .... _____ _____

Did you receive a Form 1099-K that you believe is in error? .... _____ _____

Do you expect a large fluctuation in income, deductions, or withholding next year? .... _____ _____

Did you have any sales or other exchanges of digital assets (including from an airdrop or a hard fork), or used digital assets to pay for goods or services? .... _____ _____

Retirement Information — No / Yes

Are you an active participant in a pension or retirement plan? .... _____ _____

Did you receive any Social Security benefits during the year? .... _____ _____

Did you make any withdrawals from an IRA, Roth, Keogh, SIMPLE, SEP, 401(k), or other qualified retirement plan? .... _____ _____

If yes, were any withdrawals due to a Federally declared disaster? .... _____ _____

<u>If you received any qualified disaster retirement plan distributions</u>, did you repay any of the distributions in 2024? .... _____ _____

Did you receive any lump-sum payments from a pension, profit sharing or 401(k) plan? .... _____ _____

Did you make any contributions to an IRA, Roth, Keogh, SIMPLE, SEP, 401(k), or other qualified retirement plan? _____ _____

Did you receive any Qualified birth of adoption distributions, emergency personal expense distributions, domestic abuse distributions, or terminal illness distributions in 2024? **If yes, $x.xx of repayments in 2024?** .... _____ _____

If yes, did you repay any of the distributions in 2024? .... _____ _____

Did you make any qualified charitable distributions (QCD) during the year? .... _____ _____

Education Information-If yes; College Education Questionnaire Needed — No / Yes

Did you, your spouse, or your dependents attend a post-secondary school during the year, or plan to attend one in the coming year? .... _____ _____

Did you have any educational expenses during the year on behalf of yourself, your spouse, or a dependent? .... _____ _____

If yes, attach any Form(s) 1098-T and receipts for qualified tuition and related expenses.

Did anyone in your family receive a scholarship of any kind during the year? .... _____ _____

If yes, were any of the scholarship funds used for expenses other than tuition, such as room and board? .... _____ _____

Did you make any withdrawals from an education savings or 529 Plan account? .... _____ _____

If yes, were these withdrawals rolled over into an ABLE (Achieving a Better Life Experience) account? .... _____ _____

Did you make any contributions to an education savings or 529 Plan account? .... _____ _____

If Yes, Please provide Trustee Name, Account Number, and Dollar Amount.

Did you pay any student loan interest this year? **(MN Tax Credit) If yes please provide:** .... _____ _____

Amount(s) you paid toward your loan this year and the total original amount of education loans taken out for your education: ....

Did you cash any Series EE or I U.S. Savings bonds issued after 1989? .... _____ _____

Health Care Information — No / Yes

Did you have qualifying health care coverage, such as employer-sponsored coverage or government-sponsored coverage (i.e. Medicare/Medicaid) for your family? "Your family" for health care coverage refers to you, your spouse if filing jointly, and anyone you can claim as a dependent. .... _____ _____

Did you enroll through **<u>MNSure.org</u>** or Marketplace Coverage <u>through healthcare.gov</u> under the Affordable Care Act? **If yes, attach any Form(s) 1095-A you received.** .... _____ _____

Did you enroll through **<u>MNSure.org</u>** or Marketplace Coverage <u>through healthcare.gov</u> under the Affordable Care Act and share a policy with anyone who is not included in your family? .... _____ _____

Did you make any contributions to a Health savings account (HSA) or Archer MSA? .... _____ _____

Did you receive any distributions from a Health savings account (HSA), Archer MSA, or Medicare Advantage MSA this year? .... _____ _____

Did you pay long-term care premiums for yourself or your family? .... _____ _____

Did you make any contributions to an ABLE (Achieving a Better Life Experience) account? .... _____ _____

If yes, attach any Form(s) 5498-QA you received.

Did you receive any withdrawals from an ABLE (Achieving a Better Life Experience) account? .... _____ _____

If yes, attach any Form(s) 1099-QA you received.

If you are a business owner, did you pay health insurance premiums for your employees this year? .... _____ _____

Itemized Deduction Information — No / Yes

Did you incur a casualty or theft loss or any condemnation awards during the year? .... _____ _____

If yes, did the loss occur in a Federally declared disaster area? .... _____ _____

Did you pay out-of-pocket medical expenses (Co-pays, prescription drugs, etc.)? .... _____ _____

Did you make any cash or noncash charitable contributions (clothes, furniture, etc.)? .... _____ _____

If yes, please provide evidence such as a receipt from the donee organization, a canceled check, or

record of payment, to substantiate all contributions made.

Did you donate a vehicle or boat during the year? **If yes, attach Form 1098-C or other written acknowledgment from the donee organization.**.. _____ _____

Did you pay real estate taxes for your primary home and/or second home? **If yes, attach <u>all Parcel Property Tax Statements</u> for the current tax year; *<u>not proposed statements</u>*:**................................ _____ _____

Did you pay any mortgage interest on an existing home loan? **If yes, attach any Form(s) 1098 you received.** .... _____ _____

Did you incur interest expenses associated with any investment accounts you held? .... _____ _____

Did you make any major purchases during the year (cars, boats, etc.)? Amount of **Sales Tax Paid?** .... _____ _____

Did you make any out-of-state purchases (by telephone, internet, mail, or in person) for which the seller ***<u>did not</u>*** collect state sales or use tax? .... _____ _____

Miscellaneous Information

	No	Yes
Did you give gifts of more than $18,000 to any individual?	_____	_____
Did you utilize an area of your home for business purposes?	_____	_____
Did you engage in any bartering transactions?	_____	_____
Did you retire or change jobs this year?	_____	_____
Did you incur moving costs because of a permanent change of station as a member of the Armed Forces on active duty?	_____	_____
Did you pay any individual as a household employee during the year?	_____	_____
Did you make energy efficient improvements to your main home this year?	_____	_____
Did you receive a distribution from, or were you a grantor or transferor for a foreign trust?	_____	_____
Did you have a financial interest in or signature authority over a financial account such as a bank account, securities account, or brokerage account, located in a foreign country?	_____	_____
Do you have any foreign financial accounts, foreign financial assets, or do you hold interest in a foreign entity?	_____	_____
Are you and owner of do you control 25% of a company's ownership interest for a company registered with a secretary of state of similar office before January 1, 2025?	_____	_____
Do you plan to become an owner of control of at least 25% of a company registered with a secretary of state or similar office for the first time after January 1, 2025?	_____	_____
Did you receive correspondence from the State or the IRS? **If yes, explain:**	_____	_____
Do you have previous years of tax returns that are either unfiled or filed with unpaid balances due?	_____	_____
Do you want to designate $3 to the Presidential Election Campaign Fund? If you check yes, it ***<u>will not</u>*** change your tax or reduce your refund.	_____	_____
Do you want to donate to the MN Wildlife Checkoff? **If you check yes, it <u>WILL change your tax due or reduce your refund by the amount donated</u>**.	_____	_____
Did you receive the First Time Homebuyer Credit in **<u>2008</u>** and are paying back $500 per year?	_____	_____
Were you a resident of another state or part-year resident of MN? **If yes, Need Dates of Residency/States**	_____	_____
Did you receive welfare, VA benefits, or any other nontaxable income?	_____	_____
Did you receive a property tax refund last year? **If yes amount received $____**	_____	_____
MN K-12 Education Expenses? **Fine arts, music, books, school supplies, equipment. If yes, fill out the MN worksheet**	_____	_____
Do you receive military retirement pay (including pensions) (MN resident ONLY)?	_____	_____
Do you receive certain pension pay for public service (MN resident ONLY)?	_____	_____
If yes: **Your payments are NOT based on service for which you also earned credit toward Social Security benefits**	_____	_____

If you earned credit toward Social Security benefits for only a portion of your service, you can only subtract the portion of your pension income for the years you were not also paying into Social Security. To determine the percentage of your income subject to Social Security Tax, you may need to contact the Social Security Administration or your pension plan administrator.

Did you contribute/withdraw from a First-Time Homebuyer Savings Account?	_____	_____
Are you a MN Renter? The Renter's Credit is a part of the MN income tax return & MUST be filed with your taxes	_____	_____

***<u>HOW DO YOU WANT YOUR TAX RETURN DELIVERED? CIRCLE YOUR CHOICE</u>*:**

Option 1: Paper Pick up ($25 Paper Fee)

Option 2: Digital Delivery with eSignature (***<u>No paper copies of the tax return, but you can download & self-print</u>***)

Taxpayer Signature:____ Date: ________________

Spouse Signature:____ Date: ________________

Contact Phone Number: ____________________________________ Email: ____

Further Notes or Questions: