



BOOKKEEPING

TAXES

PAYROLL

BUSINESS + COMPUTER CONSULTING

924 JEFFERSON ST KERRVILLE TX 78028 | KBS@KERRBSI.COM | 830-257-7733

Thank you for the privilege of allowing us to prepare your 2017 Income Tax return. This letter confirms our understanding of the terms and objectives of our engagement and the nature and limitations of the services we will provide. In order to ensure an understanding of our mutual responsibilities, **all clients must sign this engagement letter prior to us starting work on the Tax Return.**

Your Responsibilities

- 1. Information:** It is your responsibility to provide us with the accurate and complete information required for preparation of your tax return. To assist you in compiling and documenting the information that we will need we have made available, on our web site (www.kerrbsi.com) and at our office, an Income Tax Organizer. **We strongly encourage you to complete this organizer each year.**

If you own a business, by your signature below, you are confirming to KBS that:

- To the best of your knowledge the financial statements provided to KBS (or the transaction information provided to allow us to prepare your financial statements) to be used in preparation of your business' tax return accurately and completely represent the income and expenses associated with your business.
 - You maintain an appropriate recordkeeping system that enables the proper recording of business transactions.
 - If you carry inventory, you have taken appropriate steps to verify its accuracy and valuation such as performing an annual physical inventory count.
 - If you have employees and/or independent contractors you have verified that they are classified correctly, and you maintain the appropriate employment records required. (W-4, I-9, ect)
 - If you use independent contractors you have provided them with 1099's.
 - You will provide us with all of the business' bank statements for the tax year. If bank deposits do not agree with income reported a reasonable explanation for the difference must be provided or we will not be able to complete your return.
- 2. Change from Prior Year:** It is your responsibility to notify us of any change in filing status and/or dependents from the prior year. If you do not notify us of a change we will prepare your return with the same filing status, dependents and business structure as last year.
 - 3. Record Retention:** It is your responsibility to ensure that you keep all documents, canceled checks, logs and other data that supports your reported income and deductions in a secure location. They may be necessary to prove accuracy and completeness of the returns to a taxing authority.
 - 4. Review:** You are responsible for the accuracy of your tax returns, so you should review them carefully before you sign them.
 - 5. Notify Us:** You will contact us immediately if you discover additional information that will lead to a change in your return, or if you receive any letters from the IRS or state taxing authorities.
 - 6. Fee Payment:** Once we begin preparation of your tax return you agree to pay our fee whether you choose to file or not. Fees must be paid prior to us delivering to you or filing your tax return and are for preparation of the tax return. Our fees are determined by the complexity of the return, the organization and completeness of the information provided and any tax planning and consultation performed. Please note that:
 - Information must be organized and summarized or there will be an additional fee of \$65 per hour for us to organize and summarize information provided.
 - Additional fees will apply for returns where information is not complete or is provided within two weeks of the final tax deadline.



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Our Responsibilities

1. **Verification of Information:** In preparing your return(s), we will rely on the information you provide to us. We will not audit or verify the data you submit although we may ask for clarification. We will not prepare a return where the information provided does not seem reasonable.
2. **Due Diligence:** We will exercise appropriate due diligence in preparing your return and determining the correctness of documents filed with the IRS. We will use our judgment in resolving questions where the tax law is unclear or where there may be different interpretations of the law. We will resolve such questions in your favor whenever possible.
3. **Stand by our Work:** We will make every effort to prepare an accurate return. If however we make an error, other than an error caused by incorrect information you supplied or when we were provided less than one week to complete the return, we will be responsible for payment of penalties up to a maximum of \$2000. We will not pay interest or any additional tax due since the tax would have been payable had the return been correctly prepared, and you have had use of such monies in the interim. We will not be liable for or pay any penalties for returns where all information required to prepare the return was not provided to us at least two weeks prior to the filing deadline or final extension deadline for extended returns.
4. **Examination Representation:** Your returns, of course, are subject to review by the taxing authorities. However, just because you receive a letter from the IRS or your return is selected for audit does not mean there is a problem. We will examine any correspondence from the IRS and advise you as to actions required at no charge to you. Any additional assistance required on our part is not included in your tax preparation fee and will be billed separately at our standard billing rates.
5. **Additional Work:** Our fee is for the preparation of your tax return and as part of that we will provide you with a copy of your tax return. You should retain this copy in your records. If additional work is requested, once the tax return is completed, that is not due to an error on our part, additional fees will be charged. This includes amending the tax return, communications with the IRS, tax planning and providing additional copies of your tax return. The additional fees are determined by the nature of the work requested.
6. **Privacy:** We maintain a file of tax returns as required by law which we have prepared and/or electronically filed. We do not share your information with anyone else, except as required by law without your written consent. If at any time you wish for us to provide your tax return to a third party Federal law requires that you sign at specific consent form.
7. **Disclosure:** KBS Bookkeeping and Tax is not a CPA Firm. As such your tax return will not be prepared or reviewed by a CPA.

Your signature signifies your understanding of this document and agreement that all information provided to KBS is accurate and complete to the best of your knowledge.

Taxpayer Signature

Printed Name

Date

Business Name (if applicable)

E-Mail (Please print clearly)