

# Tax Organizer Fiduciary Estate & Trust

T. Rose Accounting 

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I T ' S   A   N U M B E R S   T H I N G !

**If you have any questions or concerns, you may reach  
Tosha at (520) 200-8175 or (812) 287-4440.**

**900 Wabash Ave, Ste. 102, Box 7  
Terre Haute, IN 47807**

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## Tax Preparation Engagement Letter

Name: \_\_\_\_\_

Name of Company: \_\_\_\_\_

Last 4 of EIN: \_\_\_\_\_

Thank you for choosing T. Rose Accounting, LLC to assist you with your taxes. This letter confirms the terms of our engagement with you and outlines the nature and extent of the services we will provide.

Our engagement is limited to performing the following services:

Tax Year: \_\_\_\_\_

Type of Tax Return(Choose only 1) ☐ 1065 ☐ 1120-S

☐ 1041 ☐ 1120-C

This engagement pertains only to the year listed above, and our responsibilities do not include preparation of any other tax return years that may be due to any taxing authority. We are responsible for preparing only the returns referenced above. If you have taxable activity in a state or local municipality other than that referenced, you are responsible for providing our firm with all the information necessary to prepare any additional applicable state and local income tax returns as well as informing us of the applicable states and local municipalities. If you have income tax filing requirements in a given state or local municipality but do not file that return, there could be possible adverse ramifications such as an unlimited statute of limitations, penalties, etc. This engagement letter does not cover the preparation of any financial statements sales and use tax, or gift tax returns, which, if we are to provide, will be covered under a separate engagement letter.

We will depend on you to provide the information we need to prepare complete and accurate returns. We may ask you to clarify some items but will not audit or otherwise verify the data you submit. We have a tax organizer available to help you collect the data required for your return. The Organizer will help you avoid overlooking vital information. By using it, you will contribute to efficient preparation of your returns and help minimize the cost of our services

We will perform accounting services only as needed to prepare your 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 you to clarify some of the information you submit. We will, of course, inform you of any material errors, fraud, or other illegal acts we discover.

Should we encounter instances of unclear tax law, or of potential conflicts in the interpretation of the law, we will outline the reasonable courses of action and the risks and consequences of each. We will ultimately adopt, on your behalf, the alternative you select.

**You have the final responsibility for the income tax returns and, therefore, you should review them carefully before you sign them.** We are not responsible for the disallowance of doubtful deductions or inadequately supported documentation, nor for resulting taxes, penalties and interest.

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. In order to ensure an understanding of our mutual responsibilities, we ask all clients for whom we prepare tax returns to confirm the following arrangements.

Federal, state, and local taxing authorities impose various penalties and interest charges for non-compliance with tax law, including for example, failure to file or late filing of tax returns and underpayment of taxes. You as the taxpayer remain responsible for the payment of all taxes, penalties and interest charges imposed by taxing authorities. If we determine, at our sole discretion, that we may be subject to a preparer penalty due to a tax position on your return, you agree to either adequately disclose that position on your return or change the position to one that we confirm would not subject us to penalty. If you choose not to change your position or adequately disclose the tax position so as to eliminate, at our sole discretion, our exposure to the preparer penalty, we, at our sole discretion and at any time, may withdraw from the engagement without completing or delivering tax returns to you. Such withdrawal will complete our engagement and you will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenses incurred through the date of our withdrawal.

Federal, State, and local taxing authorities also impose various penalties and interest charges for noncompliance with tax law, including for example, failure to file or late filing of tax returns and underpayment of taxes. You as the taxpayer remain responsible for the payment of all taxes, penalties and interest charges imposed by taxing authorities.

The Affordable Care Act (ACA) has added various new health insurance mandates, penalties and credits. You acknowledge and T. Rose Accounting, LLC agrees, that we will rely solely on information provided by you for the purposes of preparing your tax returns listed above and have provided no advice regarding your eligibility for any credits, estimates of any payments or estimates of any penalties under the ACA.

**Confidentiality.** All information you provide to us in connection with this engagement will be maintained by us on a strictly confidential basis. In the event we receive a subpoena or summons requesting that we produce documents from this engagement or testify about the engagement we will notify you prior to responding to it if we are legally permitted to do so. You may, within the time permitted for our firm to respond to any request, initiate such legal action as you deem appropriate to protect information from discovery. If you take no action with the time permitted for us to respond or if your action does not result in a judicial order protecting us from supplying requested information, we may construe your inaction or failure as consent to comply with the request. Time incurred in connection with subpoenas, and/or other related legal matters involving you, and or your account(s), will be billed at our normal hourly billing rates.

**Internet Communication.** In the interest of facilitating our services to you, we may communicate by facsimile transmission or send electronic mail over the Internet. This often involves sending data, documents and other information, including sensitive tax and financial information. Such communications may include information that is confidential to you. Our firm employs measures in the use of facsimile machines and computer technology designed to maintain data security. While we will use reasonable efforts to keep such communications secure in accordance with our obligations under applicable laws and professional standards, you recognize and accept that we have no control over the unauthorized interception of these communications once they have been sent and consent to our use of these electronic devices during this engagement. You should ensure that your email server and the information stored on your system is secure. We are not responsible for any transmission problems or for the failure of you or any authorized recipient of the information to receive files. You are solely responsible for (i) notifying the firm of the failure to receive files containing your information so that we may provide a copy in an alternate form; (ii) securing your email server and restricting access to your email in order to maintain confidentiality of the information transmitted; (iii) storing the electronic files containing the information; and (iv) acquiring and maintaining the software needed to open and access the files containing the information.

Our fee for services will be based upon the complexity of the return(s) and the extent of the tax forms required for us to properly file your tax return(s). If a federal, state, or qualified dependent return is requested, but actual preparation determines that there is no filing requirement, we will waive our fee for the no filing determination. We do reserve the right to charge based on our standard charges if there is extensive research required to make the "no filing" determination. 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.

You agree that our firm's liability for any and all claims, damages, losses and costs of any nature arising from this engagement is limited to the total amount of fees paid by you to our firm for the services rendered under this agreement.

We will return your original records to you at the end of this engagement. You should securely store these records, along with all supporting documents, canceled checks, etc., as these items may later be needed to prove accuracy and completeness of a

return. We will retain copies of your records and our work papers for your engagement for seven years, after which these documents will be destroyed.

Our engagement to prepare your tax returns will conclude with the delivery of the completed returns to you (if paper-filing), or your signature and our subsequent submittal of your tax return (if e-filing). If you have not selected to e-file your returns with our office, you will be solely responsible to file the returns with the appropriate taxing authorities.

To affirm that this letter correctly summarizes your understanding of the arrangements for this work, please sign where indicated and submit to our office. Your tax return(s) cannot be prepared until this engagement letter is signed and we receive it in our office.

We appreciate your confidence in us. Please call Tosha at (520) 200-8175 or (812) 287-4440 if you have questions.

Sincerely,

*Tosha Rose*

Tosha Rose  
T. Rose Accounting, LLC

Accepted By:

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Signature

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Title

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Date

## Tax Organizer for Fiduciary Estate and Trust Tax Returns

Estate/Trust: \_\_\_\_\_

EIN

Name

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

Mailing Address

Suite #

City

State

Zip Code

Fiduciary contact name: \_\_\_\_\_ Email: \_\_\_\_\_

Contact Phones: \_\_\_\_\_

(Office)

(Home)

(Mobile)

\_\_\_\_\_

Contact Mailing Address

Suite #

City

State

Zip Code

This Organizer is provided to help you gather and organize information relating to preparation of your fiduciary income tax return. Where indicated, we have provided additional worksheets and other specialized organizers where you can provide additional important information. Please complete this Organizer and bring the following information to your tax interview:

- A copy of your prior-year 1041 Fiduciary Tax Return if you are a first-time customer of T. Rose Bookkeeping, LLC and Arizona Federal Direct Tax Service.
- A copy of the Will or Trust document
- All 1099s, K1s and other income statements issued to the estate, trust or to the decedent in the year of death

Filing Information.	Please answer "Yes" or "No" to ALL of the following questions.	Yes	No
Is this tax return for an Estate? If yes, please provide the following information: Decedent's date of death: _____ Decedent's SSN: _____		<input type="checkbox"/>	<input type="checkbox"/>
Is this tax return for a Trust? If yes, please provide the following information: Trust type: Simple <input type="checkbox"/> Complex <input type="checkbox"/> Grantor <input type="checkbox"/> Other: _____ Date Trust was created: _____		<input type="checkbox"/>	<input type="checkbox"/>
Is this a qualified revocable trust filing an original return that wishes to make a \$645 Election to be taxed as an estate? <i>This election allows a qualified revocable trust to be treated and taxed (for income tax purposes) as part of its related estate during the election period. Once the election is made, it cannot be revoked.</i>		<input type="checkbox"/>	<input type="checkbox"/>
What is the Estate/Trust state of residence?			
Is there a change in address or fiduciary name? <i>If yes, describe:</i>		<input type="checkbox"/>	<input type="checkbox"/>
Did the estate or trust receive tax-exempt income? <i>If yes, \$</i> _____			
Did the estate or trust receive all or any part of the earnings of a person? <i>If yes, describe.</i> _____		<input type="checkbox"/>	<input type="checkbox"/>
Did the estate or trust receive or pay seller-financed mortgage? <i>If yes, describe:</i>		<input type="checkbox"/>	<input type="checkbox"/>
Did the estate or trust receive income from self-employed small business? <i>If yes, complete the Self-Employed Organizer on our website at <a href="http://www.pnwtax.com">www.pnwtax.com</a>.</i>		<input type="checkbox"/>	<input type="checkbox"/>
Did the estate or trust receive income from rental real estate? <i>If yes, complete Rental Organizer.</i>		<input type="checkbox"/>	<input type="checkbox"/>
Did the estate or trust receive income from a partnership, S-corporation, trust or estate? <i>If yes, Provide K-1 for each entity that issued income.</i>		<input type="checkbox"/>	<input type="checkbox"/>
Did the estate or trust receive income from an installment sale? <i>If yes, describe</i> _____		<input type="checkbox"/>	<input type="checkbox"/>

Did the estate or trust receive income from any state other than South Carolina? <i>If yes, name the state and describe the income</i>	<input type="checkbox"/>	<input type="checkbox"/>
Did the estate or trust receive income from the sale of stocks or bonds? <i>If yes, complete the Sale of Stock Worksheet.</i>	<input type="checkbox"/>	<input type="checkbox"/>
Did the estate or trust receive income from interest or dividends? <i>If yes, complete the interest and dividends section on Page 4.</i>	<input type="checkbox"/>	<input type="checkbox"/>
Did the estate or trust sell property? <i>If yes, complete the property sale section on Page 4.</i>	<input type="checkbox"/>	<input type="checkbox"/>

### **Important Information that Applies to Estates**

Information on this page is provided to assist you with gathering documents and other information we need when preparing the fiduciary tax return of an estate.

- An estate comes into existence on the date of death of the decedent. The estate ends when all assets held by the estate have been distributed.
- All income earned by the decedent prior to death is reported on the final Individual 1040 return of the decedent. All income earned by the estate is reported on the estate Fiduciary 1041 return.
- For the year of death, it is therefore necessary to file two short-year tax returns: One for the decedent, and one for the estate.
- After the year of death, Fiduciary 1041 tax returns are filed for the estate until the estate is closed and all remaining assets of the estate are distributed to beneficiaries, heirs, or charity.

The executor or administrator of an estate is responsible for performing the following duties relating to tax matters of the estate:

- Obtaining an employer identification number (EIN)
- Filing necessary income and estate-tax returns including:
  - The estate's income tax return (both federal and state),
  - The federal estate-tax return (if required),
  - The state death tax return (if required)
- The deceased's final income tax return (federal and state).
- Payment of debts owed by the estate. Taxes usually must be paid before other debts.
- Paying all death taxes (i.e., estate and inheritance). Often it is necessary to hire an appraiser to value certain assets of the estate, such as a business, pension, or real estate, since estate taxes are based on the "fair market" value of the assets. After the filing of the returns and payment of taxes, the Internal Revenue Service will generally send some type of estate closing letter accepting the return. Occasionally, the return will be audited.

The executor of an estate should keep meticulous bookkeeping records which detail all income and expenditures of the estate. Depending on circumstances and upon the stipulations set forth within the will, beneficiaries of the estate may receive partial distributions of their inheritance prior to the closing of the estate. Tax laws and rulings governing administration of estates, particularly with respect to taxes, are complex. Therefore, an executor can be in charge for two or three years before the estate administration is completed. During the period the estate continues to exist, the executor is required to pay necessary expenses relating to administration of the estate from the estates assets.

If the estate sold or disposed of assets during the year, the sale of these items must be reported on the tax return of the estate. The following information should be maintained by the estate:

- An inventory of the items sold,
- The fair market value of these items on the date of death,
- Costs related to maintaining, repairing, improving, holding and selling assets
- The date of sale and sales price

Examples of the kinds of assets the estate or trust may have sold include:

- Home
- Rental property
- Stocks and bonds
- Personal property such as furniture, jewelry and vehicles.

Beneficiary Information First Name–Last Name <i>(Enter information for all Partner/Members who owned shares at any time during the year)</i>		Social Security Number	Beneficiary Mailing Address  Street Address City, State, Zip	Beneficiary's share of Income, Deductions etc.

<b>Distributions of money or property to beneficiaries during the year</b>	
Please describe the amount and type of distributions made to beneficiaries during the year.	
Income required to be distributed during the year	\$
Other amounts paid, credited, or otherwise required to be distributed	\$
Use this space to provide additional information about distributions made to beneficiaries.	

<b>Sale of stock, home, land, automobiles and other property belonging to the Estate or Trust</b>				
<ul style="list-style-type: none"> <li>Please attach copies of year-end brokerage statements relating to stock sales</li> <li>If real estate was sold during the year, provide copies of closing papers</li> </ul>				
Description of property sold	Date purchased	Purchase Price	Date Sold	Sales Price

<b>Interest and Dividend Income Worksheet</b>
<ul style="list-style-type: none"> <li>Please attach copies of all interest and dividend statements the Partnership/LLC received for the year.</li> <li>If you are receiving interest payments under a seller financed mortgage, we will need the name, address and SSN of the person making payments to you.</li> <li>For each payer of interest or dividends, enter the total payment received.</li> </ul>
Did the trust/estate have ownership or control over a financial account in a foreign country? Yes <input type="checkbox"/> No <input type="checkbox"/>
If yes, what was the maximum value of the foreign financial accounts during the year?
Do you wish to nominee any interest to a secondary account holder? Yes <input type="checkbox"/> No <input type="checkbox"/>

<b>Name of bank or other payer</b>	<b>Interest Received</b>	<b>Name of Partnership/LLC or other payer</b>	<b>Dividends Received</b>
	\$		\$
	\$		\$
	\$		\$

<b>Expenses</b>		<b>Expenses</b>	
<b>Fiduciary fees</b>	\$	<b>Attorney fees</b>	\$
<b>Accounting</b>	\$	<b>Tax preparer</b>	\$
<b>Expenses for maintaining property held by the estate</b>	\$	<b>Qualified residence interest (interest paid by the estate on</b>	\$
<b>Investment interest</b>	\$	<b>Investment advisory fees</b>	\$
<b>Subscriptions to investment advisory magazines</b>	\$	<b>Safe deposit box</b>	
<b>Amounts permanently set aside for charitable purposes</b>	\$	<b>Wages ( W2s must be issued)</b>	
<b>Mortgage interest (paid to banks etc.)</b>	\$	<b>Cell phone (100% of charges) Business use %</b>	\$ %
<b>Other interest (do not include auto or home loan interest)</b>	\$	<b>Telephone expense (Do not include cost of main home phone line)</b>	\$
<b>Legal and professional services</b>	\$	<b>Professional continuing education</b>	\$
<b>Office expense (Do not include equipment purchases – see Depreciation Worksheet below)</b>	\$	<b>Internet service</b>	\$
<b>Pension and profit sharing plans</b>	\$	<b>Parking &amp; tolls</b>	\$
<b>Rent or lease (vehicles, machinery, and equipment)</b>	\$	<b>Other expenses (List below):</b>	\$
<b>Rent (office, leasehold, storage)</b>	\$		\$
<b>Repairs and maintenance</b>	\$		\$

I affirm that the information contained in this tax organizer, submitted to Tax Pros LLC for preparing tax returns, is true, correct, and complete to the best of my knowledge. I further affirm that I have documentation/receipts to support this information.

\_\_\_\_\_  
Signature                      Print Name                      Title                      Date