

Engagement Letter

Dear Client:

Thank you for selecting our firm, American Expat Tax Services to assist you with your tax needs. We are sending you this engagement package to confirm the terms of, and limitations upon, the professional tax services that our firm has agreed to perform. We will prepare and e-file and/or submit to you for filing the specific tax returns we have agreed to prepare for you as per the attached addendum. Any additional returns that you may be required to prepare and file for any tax authority are not part of this engagement. We are not responsible for returns you do not request. We are under no duty to review the information you provide to determine whether you may have a filing obligation with another authority. If we become aware of any other filing requirement, we will tell you of the obligation and may prepare the appropriate returns at your written request. Any additional returns requested will be considered part of this engagement.

It is your responsibility to provide all the information required for the preparation of complete and accurate returns. You should retain all the documents, canceled 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.**

We may provide you with a tax organizer requesting specific information. Completing the organizer will assist us in making sure you are well served for a reasonable fee. You represent that the information you are supplying to us is accurate and complete to the best of your knowledge and that you have disclosed to us all relevant facts affecting the returns. This will include the ownership of or signature authority over any foreign bank accounts and the ownership of any other foreign financial assets. We will not verify the information you give us; however, we may ask for additional clarification of some information. In addition, we will render such accounting and bookkeeping assistance as determined to be necessary for preparation of your income tax returns.

You should also know that IRS and/or CRA audit procedures will almost always include questions on bartering transactions and on deductions that require strict documentation such as travel and entertainment expenses and expenses for business usage of autos and computers. In preparing your returns, we rely on your representations that we have been informed of all bartering transactions and that you understand and have complied with the documentation requirements for your expenses and deductions. If you have questions about these issues, please ask us.

Where tax law is ambiguous or unclear, we will use our best judgement. Unless otherwise instructed by you, we will resolve such questions, when possible, in your favor.

If, during our work, we discover information that affects prior-year tax returns, we will make you aware of the facts. However, we cannot be responsible for identifying all items that may affect prior-year returns. If you become aware of such information during the year, please contact us to discuss the best resolution of the issue. We will be happy to prepare appropriate amended returns as a separate engagement. Our work in connection with the preparation of your tax returns does not include any procedures designed to discover defalcations or other irregularities, should any exist. The returns will be prepared solely from information provided to us without audit by us.

In no case will we disclose your tax return information to another tax return preparer outside of our firm for purposes of a second opinion or to any other third party for any purpose, other than to prepare your return, without first receiving your consent.

The Internal Revenue Code, Income Tax Act and regulations of both Canada and the United States impose preparation and disclosure standards with non-compliance penalties on both the preparer of a tax return and on the taxpayer. To avoid exposure to these penalties, it may be necessary in some cases to make certain disclosures to you and/or in the tax return concerning positions taken on the return that do not meet these standards. Accordingly, we will discuss tax positions that may increase the risk of exposure to penalties and any recommended disclosures with you before completing the preparation of the return. If we conclude that we are obligated to disclose a position and you refuse to permit the disclosure, we reserve the right to withdraw from the engagement and you agree to compensate us for our services to the date of withdrawal equal to half of the quoted fee. Our engagement with you will terminate upon our withdrawal.

The IRS permits you to authorize us to discuss, on a limited basis, aspects of your return for one year after the return's due date. Your consent to such a discussion is evidenced by checking a box on the return. Unless you tell us otherwise, we **WILL** check that box authorizing the IRS to discuss your return with us. The IRS also permits you to appoint a representative to act on your behalf. Upon release of your return, you will be provided with a Form 2848 to sign and return to AET for this purpose.

CRA also permits us to access your information for all past, current and future years until such time that you revoke this authorization. You will be provided with form T1013 for this purpose with the release of the returns you have engaged us to prepare.

It is our policy to keep records related to this engagement for three years. However, we do not keep any of your original records, so we will return those to you upon the completion of the engagement. When records are returned to you, it is your responsibility to retain and protect the records for possible future use, including potential examination by governmental or regulatory agencies. **By signing this engagement letter, you acknowledge and agree that upon the expiration of the three year period, we are free to destroy our records related to this engagement.**

Certain communications involving tax advice are privileged and not subject to disclosure to the IRS or CRA. By disclosing the contents of those communications to anyone, or by turning over information about those communications to the government, you may be waiving this privilege. To protect this right to privileged communication, please consult with us or your attorney prior to disclosing any information about our tax advice. Should you decide that it is appropriate for us to disclose any potentially privileged communications; you agree to provide us with written, advance authority to make that disclosure.

Should we receive any request for the disclosure of privileged information from any third party, including a subpoena or IRS or CRA summons, we will notify you. In the event you direct us not to make the disclosure, you agree to hold us harmless from any expenses incurred in defending the privilege, including, by way of illustration only, our attorney's fees, court costs, outside adviser's costs, or penalties or fines imposed as a result of your asserting the privilege or your direction to us to assert the privilege.

Your returns may be selected for review by the taxing authorities. In the event of an audit, you may be requested to produce documents, records, or other evidence to substantiate the items of income and deduction shown on a tax return. Any proposed adjustments by the examining agent are subject to certain rights of appeal. **In the event of a tax examination and/or audit, we will be available, upon request, to represent you. However, such additional services are not included in the fees for the preparation of your tax returns.**

All preparation fees are invoiced per return, per tax year. Our fees for tax services will be based on the complexity of the return(s). We reserve the right to charge additional time charges, when necessary, at the rate of \$100CAD/\$75USD per hour. We will advise you if and when time charges will apply.

American Expat Tax Services guarantees the accuracy of the tax returns which we have prepared. Any errors resulting from our preparation or our software will be corrected, at no additional charge. All other errors, omissions or issues are not covered under this guarantee. **Separate charges will apply for services required to correct issues which are beyond our control, such as issues with the IRS, CRA or other tax authority(ies) in relation to their processes and procedures or as a result of the decrease in their service levels.** Further information can be found in our Audit Assistance Disclosure, which is available by request to info@amexpattax.com.

Our invoices are due and payable upon presentation. We reserve the right to ask for a deposit to be paid in advance of work done and may bill you on an interim basis prior to completion of this engagement. **Final filing copies of the tax returns will not be released until any balance owed to us for this and/or any prior engagements is paid in full.**

Our engagement will be complete once we e-file and/or deliver to you the completed tax return(s) that we are preparing on your behalf. You will be totally responsible for filing any returns delivered to you for mailing and making any needed payments in a timely fashion with the appropriate taxing authorities.

We have the right to withdraw from this engagement, in our discretion, if you do not provide us with any information we request in a timely manner, refuse to cooperate with our reasonable requests or misrepresent any facts. Our withdrawal will release us from any obligation to complete your return and will constitute completion of our engagement. **Should you terminate this engagement prior to completion you agree to compensate us for our work through the date of your withdrawal.**

We need to have you sign where indicated on the last page of this engagement package (signature page), to confirm that you have read and agree that this engagement letter fairly sets forth the agreement between us regarding both the terms of and limitations upon the professional tax services that we have agreed to provide on your behalf. Should you have any questions about this needed requirement or any of the provisions set forth above in this engagement letter, please feel free to contact us.

Very truly yours,
American Expat Tax Services