

Engagement Letter – Tax Preparation

Dear Client:

Thank you for selecting our firm, American Expat Tax Services (AET), to assist you with your tax needs. This “Engagement Letter” in and the “Engagement Acknowledgement”, which was provided to you separately, are collectively referred to as the “Engagement Package”, . The Engagement Package confirms the terms of, and limitations upon, the professional tax services that our firm has agreed to perform. The Engagement Package between you and AET will be governed by the terms explained in the Engagement Package. 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 “Engagement Acknowledgement” you have been provided. 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 in a timely manner. AET is under no obligation to follow up with you to remind you to submit information previously requested. 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 audit the information you give us; however, we may ask for additional clarification of some information. AET will only render accounting and bookkeeping assistance, as determined to be necessary for preparation of your income tax returns, for an additional fee. You acknowledge your responsibility to inform us of any income, expenses or other reportable transactions as designated by the IRS. You agree to hold our firm harmless with respect to any liability including but not limited to, additional tax, penalties, interest and professional fees resulting from your failure to timely notify us, in writing, of all such transactions in order to facilitate the timely preparation and filing of your tax returns and our responsibility will be limited to the fees paid AET.

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, expenses for business usage of autos and computers and large deductions and/or credits. 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 under 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.**

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.

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 to sign and return to us for this purpose with your completed return if we have not previously been authorized by you on your Canadian tax account.

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 (where applicable). 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.**

Your returns may be selected for review by the taxing authorities. In the event of an audit or review, 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 \$420CAD/\$320USD 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 which means...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. **The limit of the liability of American Expat Tax for errors we make will be the fees you paid. 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 Policy, which is available [here](#).

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. We also reserve the right to charge a late payment fee in respect of invoices greater than 30 days overdue. **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, at 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. We have the right to



payment for the time spent on your engagement up to the date of our withdrawal. **Should you terminate this engagement prior to completion you agree to compensate us for our work through the date of your withdrawal.**

Please sign where indicated on the Engagement Confirmation and Acknowledgement page that is included in your engagement package, 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