

Richard Earl EA, Inc.

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Engagement Letter

To: Richard Earl EA, Inc.

I have engaged your firm to prepare my individual (1040) Federal or State income tax return for the year ending December 31, 2020. I understand that it is my responsibility to provide you with all of the information required to complete my tax return. In that regard I state that, to the best of my knowledge and belief:

1. I have provided true, correct, and complete information regarding my income as listed on the attached Forms W-2, 1099 and/or attached written summaries. I understand that it is my responsibility to provide all information necessary to complete the returns. I will retain for four years all the documents, receipts, cancelled checks, and other records required substantiating the items of income and expense claimed on my return.
2. I have provided true, correct, and complete information regarding amounts I have presented to you to claim as tax deductions, and I have maintained written documentation supporting all amounts, including logbooks and receipts. I understand that if a question arises regarding the interpretation of tax law, and a conflict exists between the tax authorities' interpretation of the law, and other supportable positions, that you will use your professional judgment in resolving the issues.
3. I understand that because taxing authorities may examine (audit) the returns that documentation should be retained to support the information provided to you, especially business travel and entertainment deductions, business use percentage of autos and other business assets and barter activities, and that penalties may be imposed on returns that are late, underpaid, or incorrect.
4. I understand that you will not audit or otherwise verify any information, that you may require clarification or additional information, that you are responsible for disallowed deductions, or the inclusion of additional unreported income or any resulting taxes, penalties or interest.
5. ***I understand that I will be charged an additional fee if you are asked to assist or represent me in a tax audit, examination, or inquiry.*** I understand that, in the event of preparer error, I am responsible for additional tax that may be due, but the extent of your responsibility is to pay for resulting penalties, up to, but not in addition to, \$1,000.00 that the IRS or the above stated revenue department may assess.
6. I will contact you immediately if I discover additional information that will lead to a change in my return, or within 30 days from the date on any letters from the IRS or state taxing authorities. Failure to do so will result in my forfeiture of any assistance regarding penalties.
7. I understand that your policy is to put all tax advice in writing, and that I will not rely upon any unwritten advice because it may be tentative, incomplete, or not fully reviewed.
8. *I understand that your bill will be due and payable upon services are rendered, and that additional service will not be performed until the bill for these services is paid in full. I understand that your bill be based upon a schedule of tax forms prepared.*
9. I understand that you will not file any federal, state, or local tax extensions without my specific written request to do so.
10. If there are other services or tax returns that I expect you to prepare, such as estate, gift, sales, fiduciary, property, or other states or cities, I will note them at the bottom of this letter.
11. ***I understand that I will be charged \$125.00 per hour as a consultation fee if I decide not file my tax return through your firm after the work has been started.***

Client Signature _____ Date _____

Printed Name _____

Spouse Signature _____ Date _____

Printed Name _____

Checklist

Name:

SSN:

Checklist

This check list is provided to help you gather necessary information for us to prepare your 2020 income tax return. Return this list, along with the supporting documentation, to our office and let us know of any significant changes from your 2019 tax year.

Wages (Form W-2)

[]

Interest (Form 1099-INT)

[]

[]

Miscellaneous income (Form 1099-M)

[]

Partnerships, S Corporations, Estates, and Trusts (Schedule K-1)

[]

Self-employed Income (Schedule C)

[]

Rent and Royalty Income (Schedule E)

[]

[]

Other Income (provide supporting documentation for income received for the following items)

[] Sale of assets

[] Cancellation of debt

[] Other income AK PFD (), unemployment (), gambling winning (), award (), jury duty ()

Payments (provide supporting documentation for payments made for the following items)

[] Educator classroom expenses

[] Employee business expenses

[] Contributions to a Health Savings Account

[] Expenses related to work relocation

[] Alimony

[] Student loan interest

[] Tuition and fees for higher education

[] Expenses related to child or dependent care

[] Contributions to a Retirement Savings Account

[] Medical and dental expenses

[] Real estate taxes

[] Other state and local taxes

[] Mortgage interest

[] Investment interest

[] Cash Contributions

[] Noncash Contributions

[] Unreimbursed employee expenses

[] Investment expenses

[] Gambling losses

[] Other payments _____

EIC, CTC/ACTC/ODC, AOTC & HOH QUESTIONNAIRE:

NAME: _____ Tax year _____

NOTE: The IRS has made major changes to the requirements of claiming the credits associated with children being claimed on your income tax return. Tax preparers are required to ask several questions and in some cases verify the child or children's residency as it related to the year the return is being filed. These requirements have been implemented as a result of widespread fraudulent claims.

Earned Income Credit (EIC), Child Tax Credit (CTC) and Additional Child Tax Credit, Other Dependent Credit (ODC), American Opportunity Tax Credit (AOTC), Head of Household (HOH):

To claim the credit, the child (ren) MUST have lived in your household for more than 6 months. Support is not the only factor. More than half of a year residency is MANDATORY!

- 1) Did the child or children listed on your tax return for purpose of these credits live with you for more than 6 months during the year?
Yes _____ No _____
- 2) Do you have any documentation available to verify the child or children residency is the same as yours? **IF so, please provide us a copy.** Example: church records, school records, daycare records, or Medical Records.
Yes _____ No _____
- 3) **“Tie Breaker Rules”** exist for tax payers who could both claim the same child or children and who do not file an income tax returns as **“Married Filing Joint”**. **SEE RULES ON NEXT PAGE; Do you qualify to claim the child(ren) according to the “Tie breaker Rules”?**
Yes _____ No _____ Not Applicable _____
- 4) Have you ever had an EIC, CTC, or AOTC denied or reduced on any previously filed income tax return?
Yes _____ No _____
- 5) Have you signed a FORM 8332 (**Release of Claim to an Exemption for Child of a Custodial Parent**)? If so was it for a previous year only or was it for “all future years”?
Yes, all future years _____ or Current year _____ No _____

I have read this information and to attest the answers provided are true and accurate to enable the correct preparation of my income tax return as required by law.

Signature: _____ Date _____

Signature: _____ Date _____

Tie Breaker Rules: To determine which person can treat the child as a qualifying child to claim the tax benefits just listed, the following tiebreaker rules apply.

- If one of the person is the child's parent, the child is treated as the qualifying child of the parent.
- If the parents file a joint return together and claim the child as a qualifying child, the child is treated as the qualifying child of the parents.
- If the parents don't file a joint return together but both parents claim the same child as a qualifying child, the IRS will treat the child as the qualifying child of the parent with whom the child lived for longer period of time during the year. If the child lived with each parent for the same amount of time, the IRS will treat the child as the qualifying child of the parent who had the higher adjusted gross income (AGI) for the year.
- If no parent can claim the child as qualifying child, the child is treated as the qualifying child of the person who had the highest AGI for the year.
- If a parent can claim the child as a qualifying child but no parent does claim the child, the child is treated as the qualifying child of the person who had the highest AGI for the year, but only that person's AGI is higher than the highest AGI of any of the child's parents who can claim the child. If the child's parents file a joint return with each other, this rule can be applied by treating the parents total AGI as divided evenly between them.

Subject to these tiebreaker rules, you and other person may be able to choose which of you claims the child as a qualifying child.

If you cannot claim the credits because your qualifying child is treated under the tiebreaker rules as the qualifying child of another person of 2020, you may be able to take the credits using different qualifying child, but you cannot take the credits using the rules for people who don't have a qualifying child.

If the other person cannot claim the credits. If you and someone else have the same qualifying child but the other person cannot claim the credit because he or she isn't eligible or his or her earned income or AGI is too high, you may be able to treat the child as a qualifying child. But you cannot treat the child as a qualified child to claim the EIC if the other person uses the child to claim any of the other credits listed earlier.

2020 Tax Organizer Personal and Dependent Information

Personal Information

	SSN	Has IP PIN	Date of birth
Name			
Taxpayer			
Spouse			
Street address, city, state, and ZIP			
	Occupation	Daytime phone	Evening phone
Taxpayer			
Spouse			
Taxpayer email			
Spouse email			

Marital Status at end of 2020

- Married
 Married filing separately
 Single
 Widow(er) If spouse died in 2020 enter the date of death _____

Other information

- Are you blind?
 Are you disabled?
 Are you a full-time student?
 Do you want \$3 to go to the Presidential Election Campaign Fund?

Taxpayer

- Yes No
 Yes No
 Yes No
 Yes No

Spouse

- Yes No
 Yes No
 Yes No
 Yes No

At any time during 2020 did you receive, sell, send, exchange, or acquire any financial interest in any virtual currency? Yes No

Dependent Information

First and last name SSN	Has IP PIN	Relationship	Months in home	Date of birth	Disabled	Full- time student	Childcare Expenses

List dependents required to file a return _____

COVID-19 Implications

Yes **No**

- Did you receive an Economic Impact Payment (EIP)?
 If "Yes," provide Notice 1444 from the IRS.
- Did you experience economic loss due to COVID-19 (loss of job, closed business, etc.)?
 Were you unemployed for any portion of the year due to COVID-19?
 Did you continue to receive wages from your employer even if you were unable to work?
 Did you receive a distribution from a retirement plan (401K, IRA, etc.) due to COVID-19?
 If you own a farm or business, did you continue to pay any employee while they were not working?
 If you own a farm or business, did you delay withholding FICA taxes from any employee's pay?
 If you own a farm or business, did you receive a Paycheck Protection Program (PPP) loan?
 If "Yes," was the loan forgiven or have you applied for forgiveness? _____
- If you own a farm or business and were unable to work due to COVID-19, would you have qualified for sick or family leave if employed by someone other than yourself?

Appointment Information

Your 2020 appointment is scheduled for _____

Questionnaire

Name:

SSN:

Questionnaire

Personal Information

Yes No

- Did your marital status change during the year?
If "Yes," explain _____
- Can you or your spouse be claimed as a dependent by someone else?
- Did your address change during the year?
Provide proof of identity to be eligible to e-file your tax return (driver's license or state-issued photo ID)

Dependent Information

Yes No

- Did you have any changes in dependents during the year?
If "Yes," explain _____
- Can another person qualify to claim any of your dependents?
- Did you have any childcare expenses during the year?
- Did you have any adoption expenses during the year?
- Did you have any children under age 19 or a full-time student under age 24 with more than \$2200 of unearned income?
Provide documentation for proof of dependent related credits (school records, medical records, daycare records, etc.)

Health Care Information

Yes No

- Did any member of your household have healthcare coverage through the Marketplace?
If "Yes," provide copies of Form 1095-A.
- Did you receive any distributions from a Health Savings Account (HSA), Archer MSA, or Medicare Advantage MSA during the year?

Income, Purchases, Sales, and Debt Information

Yes No

- Did you receive any tips not reported to your employer?
- Did you receive any disability income during the year?
- Did you cash any U.S. savings bonds during the year?
- Did you receive, sell, send, exchange, or otherwise acquire any financial interest in any virtual currencies?
- Did you receive any other income not provided with this organizer?
If "Yes," explain _____
- Did you start a new business or purchase any rental property during the year?
- Did you sell an existing business, rental property, or other property during the year?
- Did you purchase any business assets or convert any assets to business use?
If "Yes," provide the cost of the asset, the date it was placed in service, and business use percentage.
- Did you purchase any gasoline, diesel, or special fuels for non-highway business use?
- Did you buy or sell any stocks, bonds, or other investments during the year?
- Did you sell a principal residence during the year?
If "Yes," provide closing documentation for the purchase and sale of the home
- Did you have a principal residence or a piece of real property foreclosed on during the year?
- Did you abandon a principal residence or a piece of real property during the year?
- Did you refinance your principal home or second home or take out a home equity loan during the year?
If "Yes," provide all escrow, closing, and other pertinent documentation and information.
- Did you receive any principal or interest during this year from property sold in prior years?
- Did you rent out your home or use it for business?
- Did you sell, exchange, or purchase any real estate during the year?

Questionnaire

Name:

SSN:

Questionnaire

- Did you acquire a new or additional interest in a partnership or S corporation?
- Did you have any debts canceled or forgiven this year?
- Does anyone owe you money that has become uncollectible?
- Did you purchase a new hybrid, alternative motor, or electric motor energy-efficient vehicle during the year?

If "Yes," provide the year, make, model, VIN, and date the vehicle was placed in service.

Itemized Deduction Information

Yes No

- Did you pay out-of-pocket medical or dental expenses (premiums, prescriptions, mileage, etc.) during the year?
- Did you pay any long-term care premiums for yourself, your spouse, or a dependent during the year?
- Did you receive any state or local income tax refunds from prior years?
- Did you make any major purchases (vehicle, boat, etc.) during the year?
- Did you pay any real estate property taxes or personal taxes during the year?
- Did you pay mortgage interest during the year?
- Did you make cash donations to charity during the year?
- Did you make noncash donations to charity (clothes, furniture, etc.) during the year?
- Did you donate a boat or vehicle during the year?
- If "Yes," attach Form 1098-C.
- Did you have gambling winnings or losses during the year?
- Did you have any job-related expenses that were not reimbursed by your employer (uniforms, safety equipment, etc.)?
- Did you use your vehicle on the job other than for commuting to work?
- Did you work out of town at any time during the year?

Retirement Information

Yes No

- Did you receive any payments from a pension, profit sharing, or 401(k) plan during the year?
- Did you make any withdrawals from or contributions to an IRA, Roth, Keogh, SIMPLE, SEP, 401(k), myRA, or other qualified retirement plan during the year?
- Did you receive any Social Security benefits during the year?

Education Information

Yes No

- Did you pay tuition expenses that were required for attending college, university, or vocational school for yourself, your spouse, or a dependent during the year (even if classes were attended in another year)?
- Did anyone in your household attend a post-secondary school during the year?
- Did you make a contribution to or receive a distribution from an Education Savings Account or Qualified Tuition Program during the year?
- Did you pay student loan interest for yourself, your spouse, or your dependent(s) during the year?

Miscellaneous Information

Yes No

- Did you incur a gain or loss due to damaged or stolen property?
- If "Yes," provide the incident date, value of the property, and amount of insurance reimbursements.
- Did you pay wages to any household employees (babysitter, nanny, housekeeper, etc.)?
- Did you make gifts to any one person in excess of \$15,000 during the year?
- If "Yes,"
- Yes No**
- Are you splitting the gift with your spouse?
- Did you incur moving expenses during the year?
- Did you make any energy-efficient improvements to your main home during the year?

Questionnaire

Name:

SSN:

Questionnaire

- Are you a business owner who paid health insurance premiums for your employees during the year?
- Did you apply an overpayment of your 2019 taxes to your 2020 estimated taxes?
- If you have an overpayment of 2020 taxes, do you want the refund applied to your 2020 estimated taxes?
- Did you make any estimated payments toward your 2020 taxes?
- Do you want to have any refund or balance due directly deposited or withdrawn?
If "Yes," provide a canceled checking or savings slip.
- Did you receive any notices from the IRS or state taxing authority?
If "Yes," explain _____
- May the IRS discuss your tax return with your preparer?
- Would you like a copy of your tax return emailed to you instead of receiving a printed copy?

Foreign Account Information**Yes No**

- Did you have a financial interest in or signature authority over a financial account or asset located in a foreign country?
- Did you receive a distribution from, or were you a grantor of, or transferor to, a foreign trust?
- Did you have any income from, or pay taxes to, a foreign country?
- Did you own property in a foreign country?
- Did the aggregate value of your foreign accounts exceed \$10,000 at any time during the year?

Additional Questions**Yes No**

- Did you receive income or incur expenses associated with a fantasy sport league?
If yes, provide documentation.
- Did you receive income or incur expenses associated with car sharing (e.g., Lyft or Uber)?
If yes, attach Form 1099-MISC and Form 1099-K.
- Did you receive income or incur expenses associated with freelancing (e.g., Upwork or TaskRabbit)?
If yes, attach Form 1099-K or Form W-2.
- Did you receive income or incur expenses associated with fashion sharing (e.g., Poshmark or thredUP)?
If yes, provide documentation.
- Did you receive income or incur expenses associated with crowdfunding (e.g., Kickstarter or Indiegogo)?
If yes, attach Form 1099-K.
- Did you receive income or incur expenses associated with a short-term rental (e.g., Airbnb or HomeAway)?
If yes, provide documentation.
- Do you anticipate your income or withholdings to be different for 2021?

Preparer Notes

You MUST SELECT 1 and ONLY 1 option before signing it.

Refund Option 1: additional cost to clients: E-Collect options

There are 3 types of getting refund back depend upon how a client wants to pay for our service fee; if they want the service fee come out from refund, they have to do *E-collect options*, include

1. **E-check** print out in our office and client come pick up once the IRS pay out their original refund; The EPS bank will charge for \$20.00 for this option.
2. **E-Direct Deposit**—EPS bank charge \$15.00 for this option, refund will be deposit into your bank account, please provide a void check or bank statement.
3. **E-1 card**—no start up fees but might have to pay cancelation fee or monthly service fee after activate and use the card.

Besides bank fee listed above for each option, software will charge additional \$13.95 for each option. E.g. if a client wants to do E-DD (option 2), and estimate our service fee is \$175 for this return, client will be charged from refund $\$175+15+13.95=\203.95 .

If you are interested in selecting E-collect options, you **must sign form 7216-use and 7216- Disclosure advance**; after you have signed, you **may change mind** to choose not to select E- collect but switch to *IRS options*.

For E-collect options, must ask security questions and get answers, and need physical address entered.

Option 2: Refund Advance Loan—IT IS A LOAN!—this is a NEW Option

A Refund Advance Loan for \$150, \$500, or \$1,000 carries a 0% APR².

For Refund Advances of \$1,250 or more - the loan carries a 36% APR. Here is what that means:

*If the customer applies for and is approved for a Refund Advance Loan greater than \$1,250, the customer will be charged interest.

**The amount of interest charged depends on how many days it takes to repay the advance from your tax refund.

***Interest charges are capped at 60 days.

Refund Option 3: NO additional cost to clients: IRS option:

Clients will pay for service fee from pocket upon service is rendered, they don't need E-collect options, they can choose **IRS Options:**

1. **IRS –Direct Deposit;** will need a bank statement or void check to show the account ownership information.
2. **IRS mails a check** to their filing address.

There isn't any additional charge besides our fee for the IRS options.

If the client has not signed up the 7216- Use and 7216-Disclosure forms advance, he/she MAY NOT change mind to choose E-collect options. No Exception!

I (we) choose the option # _____ for my (our) 2020 tax refund.

Tax payer Signature and Date: _____

Spouse Signature and Date: _____