

# Zaffore Ruane CPAs PC

Certified Public Accountants

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Dear Client:

This letter is to confirm our mutual understanding of the terms and objectives of our tax services engagement and to clarify the nature and extent of the services provided. Please be sure that this letter does reflect your expectations before returning a signed copy to us.

We will prepare the 2024 federal and requested state income tax returns from the information furnished by you. We will provide you with questionnaires and/or worksheets to guide you in gathering the necessary information. Your use of such forms will assist us in keeping pertinent information from being overlooked.

You represent that the information you are supplying to us includes disclosure of any foreign accounts and assets, is accurate and complete to the best of your knowledge and that your expenses for meals, travel, business gifts, charitable contributions, dues and membership, cell phone, vehicle use, and all other applicable expenses are supported by records as required by law. Entertainment expenses are no longer deductible. We will not audit or otherwise verify the data you submit, although it may be necessary to ask you for clarification of some of the information. We will render such accounting and bookkeeping assistance as determined to be appropriate for the preparation of the income tax returns.

Our work in connection with the preparation of your income tax returns does not include any procedures designed to discover fraud or other illegalities, should any exist.

It is your responsibility to provide all information required for the preparation of complete and accurate returns timely. You are also responsible for maintaining and keeping on hand all the financial backup materials used to support your tax return. You should retain all tax return data for no less than four years. Your records may be necessary to prove the accuracy and completeness of the returns to a taxing authority.

In the interest of facilitating our services to you, we use a secure internet portal, SmartVault, to share information. Your use of SmartVault must comply with our standards of use. We retain the right to limit and deny the use of the portal. Your access to files maintained in SmartVault will be terminated no later than 90 days after the earlier of your, or our, termination of services. While we use our best efforts to maintain a secure system in accordance with our obligations under applicable laws and professional standards, you recognize and accept that we have no control over unauthorized access, and you consent to the use of this system during your relationship with our firm.

We cannot start your tax return until you have signed an engagement letter and completed the client questionnaire provided to you. Completion of the tax organizer is optional but helpful.

Items needed to begin your tax return preparation are listed below. These items may be provided to us in hard copy or via electronic upload to SmartVault (if you are new to our practice, a folder will be established for your use):

1. A complete copy of your most recently filed personal and business (if applicable) tax returns - if this is the first year engaging us to prepare your tax returns
2. Detailed financial information for any foreign account such as a foreign trust, mutual fund, bank account, life insurance, retirement accounts, annuities, partnership, or corporation holdings (this does NOT apply to foreign stock held through a US brokerage - which is not considered a foreign account)
3. A copy of all W-2s, 1099s, 1095s, 1098s, K-1s, and any other year-end tax documents issued to you.
4. A client organizer (optional)
5. A signed engagement letter (required)

6. A completed and signed questionnaire (required)
7. A signed permission to extend (required)

We do try to finalize as many tax returns by the initial due date as possible, however preparing a complete and accurate return is more important to us than being expedient. We require permission to extend your tax return(s) (same as the last few years) on a separate signed form. If you are not comfortable signing an extension form, or with the knowledge that your return may take longer to finalize, then we fully understand if you need to seek out a more expedient option for the filing of your 2024 tax returns. There is no opt-out choice on granting us permission to extend. Many people have tax documents that arrive later in the year (K-1s, brokerage statements, etc.) necessitating extensions.

We will use professional judgment in resolving questions where the tax law is unclear, or where there may be conflicts between the taxing authorities' interpretations of the law and other supportable positions. It is important for you to know that the law imposes a penalty if a taxpayer reports a substantial understatement of tax liability. The penalty for tax underpayment could be substantial. It may be necessary to make certain disclosures on the return to avoid exposure to penalties. We will discuss tax positions that may increase the risk of exposure to penalties and any recommended tax return disclosures with you before completing the preparation of the returns.

Because of the size and complexity and frequent changes of the tax law, it may be necessary for us to devote some time to search through various reference sources to find answers to questions about tax issues that are pertinent to the preparation of your return. Before undertaking more than one billable hour of such research, we will contact you and give you the option to (1) authorize us to continue the research, or (2) to seek help from a specialist in that segment of tax law.

This engagement does not include any services not specifically stated in this letter. However, we would be pleased to consult with you regarding income tax matters such as income tax projections and research. We will render additional invoices for such services at our standard billing rates.

This year's individual 1040 deadline is **APRIL 15, 2025**. The extended deadline is **OCTOBER 15, 2025**. THE PAYMENT OF YOUR 2024 TAX OBLIGATION IS DUE BY APRIL 15, 2025, EVEN IF YOU FILE AN EXTENSION. GENERALLY, AN UNDERPAYMENT OF ESTIMATED TAX PENALTY CAN BE AVOIDED IF YOU HAVE PAID 110% OF THE 2024 TAX LIABILITY BY JANUARY 15, 2025. THIS IS THE "SAFE HARBOR RULE." YOU WILL INCUR UNDERPAYMENT OF ESTIMATED TAX PENALTIES IF YOU HAVE NOT PAID YOUR TAX OBLIGATION TIMELY THROUGHOUT 2024 THROUGH PAYROLL WITHHOLDINGS AND/OR ESTIMATED QUARTERLY PAYMENTS. WE CANNOT BE RESPONSIBLE FOR PENALTIES AND INTEREST RELATED TO YOUR FAILURE TO PAY YOUR TAX OBLIGATION IN A TIMELY MANNER THROUGHOUT THE PAST YEAR (2024) EVEN THOUGH YOUR RETURN IS ON EXTENSION. PENALTIES ARE ALMOST ALWAYS DIRECTLY RELATED TO NOT HAVING PAID YOUR TAXES WHEN THE TAXES WERE DUE. IN ORDER TO AVOID FAILURE TO PAY PENALTIES, YOUR TOTAL 2024 TAX IS DUE APRIL 15, 2025.

**You have final responsibility for your income tax returns, therefore, you should review them carefully before you sign them.** We are happy to go over your returns with you in detail. You will be responsible for signing the return and/or the applicable e-file forms, for the payment of any taxes, late payment penalties, as well as for the delivery of the returns (with your signature) to the appropriate mailing address of the tax authority if mailing is required.

Our 2024 basic individual tax return fee starts at **\$625** (including software and storage fees), same as last year, and is invoiced according to our fee structure. A basic tax return generally includes wages, interest, dividends, retirement income, and Schedule A itemized deductions. Our services fee structure is based on the amount of time and expertise required at standard billing rates of \$110 to \$225 per hour, also same as last year, and/or the complexity and forms involved to complete the individual return. The total fee also depends on the timely delivery, availability, quality, and completeness of the information you provide to us. Areas of additional complexity include,

but are not limited to, business and rental activity, publicly traded partnerships, sales of employee stock options, real estate dispositions, business sales, foreign reporting, cryptocurrency transactions, and credits such as energy, earned income, childcare, and education. All invoices are due and payable upon presentation. Please note that we do charge by the hour for all of our services, including but not limited to phone consultations, meetings, reading documents you provide to us, research, interactions on your behalf with taxing authorities (including responses to notices), and correspondence/communications with you or others on your behalf (including email and phone calls). Brief phone calls and emails are not charged if they are reasonable in number throughout the year.

Any estimates provided as to the time required to complete your return and associated work requested are not a guarantee and are not binding.

Due to an increase in the IRS's ability to match documents to tax returns, there has been a steady increase in notices from federal and state taxing authorities. IRS notices can be incomprehensible and may not be anyone's fault, but the matter must still be resolved. If you engage us to do tax resolution work for you, it can take several hours and cost you hundreds of dollars. To cap your exposure, we may automatically enroll you in our Tax Notice Protection Plan. For \$79 (same as last year) added as an additional line on your invoice, we will provide up to four hours of our time to resolve notices for your 2024 Federal and State tax returns (home state only) for the next four years. Potentially a \$660-\$900 value. Audits, examinations, and "ninety-day letters" are not covered by this plan. You will find more information with your invoice. Of course, you may **opt-out** of the Tax Notice Protection Plan by checking the opt-out box and signing the Client Disclosure Agreement Form attached to your invoice.

Your returns may be selected for examination (audit) by the taxing authorities. Any proposed adjustments by the examining agent are subject to certain rights of appeal. In the event of such a government tax examination, we will be available upon request to represent you and will render additional invoices for time and expenses incurred.

**TAX RETURNS WILL NOT BE E-FILED UNTIL YOUR INVOICE IS PAID IN FULL UNLESS YOU HAVE MADE OTHER WRITTEN AND MUTUALLY AGREED UPON ARRANGEMENTS.**

**Engagement letter signature: If the above fairly sets forth your understanding, please sign this letter in the space indicated and return it to our office. We will scan it into our records.** If there are other tax returns you wish to have us prepare, such as gift and/or property returns, please inform us in writing (email is acceptable) and by noting so at the end of this letter.

**Corporate Transparency Act/Beneficial Ownership Reporting (CTA/BOI) –**

Assisting you with your compliance with the Corporate Transparency Act ("CTA"), including beneficial ownership information ("BOI") reporting, is not within the scope of this engagement. You have sole responsibility for your compliance with the CTA, including its BOI reporting requirements and the collection of relevant ownership information. We shall have no liability resulting from your failure to comply with the CTA. Information regarding the BOI reporting requirements can be found at [fincen.gov/boi](https://www.fincen.gov/boi). Consider consulting with legal counsel if you have questions regarding the applicability of the CTA's reporting requirements and issues surrounding the collection of relevant ownership information.

We want to express our appreciation for this opportunity to work with you.

Zaffore Ruane CPAs PC

Accepted By: \_\_\_\_\_ Date: \_\_\_\_\_

Accepted By: \_\_\_\_\_ Date: \_\_\_\_\_

Additional Comments:

**\*You must sign the Permission to extend 2024 Individual Tax Returns documents authorizing Zaffore Ruane CPAs PC to extend your 2024 individual tax returns to engage our services for preparation of your tax returns.**

## Permission to extend 2024 Individual Tax Returns

We require a separate signed form granting us permission to extend your tax returns. If you are not comfortable signing an extension form, then we fully understand if you need to seek out a more expedient option for the filing of your 2024 tax returns (no opt-out choice). A signed extension form is required for the completion of your returns. We do try to finalize as many tax returns by the initial due date as possible.

**Extension signature: We (I) give Zaffore Ruane CPAs PC our (my) permission to file an extension of time to file our (my) 2024 tax return. This will extend the due date of filing the 2024 return from April 15, 2025, to October 15, 2025. This is an extension of time to file the 2024 tax return, not an extension of time to pay any tax owed. I understand I must pay my 2024 taxes in full by April 15, 2025, to avoid the assessment of interest and penalties by any taxing authority for failure to timely pay my tax due. Please sign this letter in the space indicated and return it to our office. We will scan it into our records.**

Accepted By: \_\_\_\_\_ Date: \_\_\_\_\_

Accepted By: \_\_\_\_\_ Date: \_\_\_\_\_

**\*Signing this Form is required to engage Zaffore Ruane CPAs PC to prepare your 2024 individual tax returns.**

Again, we do try to finalize as many tax returns by the initial due date as possible.