

January 1, 2023

Dear Client:

Thank you for selecting Argy & Company to assist you in preparing your personal income tax returns. This letter confirms the terms of our engagement and the nature, timing, and limitations of the services we will provide.

We will prepare your 2022 federal and state personal income tax returns from information you furnish us. We will not audit or otherwise verify the data you submit, although it may be necessary to request clarification and/or documentation of some of the information. Generally, we will rely on your representation that you have maintained the documentation required by law to support the information you provide, including expenses for meals, entertainment, travel, gifts, vehicle use, charitable contributions, etc. If you are not clear regarding what documentation is needed for any given item of income or deduction, we'd be happy to discuss it with you or you can look it up on our website at [www.argyco.com](http://www.argyco.com). Note that you have the final responsibility for the income tax returns and, therefore, you should carefully review them before you sign and file them.

We have provided an organizer for your use. While we don't require its use, it may serve as a useful "tickler" to remind you of items to provide to us. Nonetheless, provide us with originals or copies of originals of all government tax documents including W-2s, 1099s, 1098s, and property tax statements. If you mail us your documents, we recommend using a company that provides tracking of the shipment.

We will use professional judgment in resolving issues when the tax law is unclear or when there is conflict among the authorities.

The filing deadline for the tax returns is April 18, 2023. In order to meet this filing deadline, we must receive your information in substantially complete form by April 1.

If an extension of time to file is required, we will use the information available to us at the time to prepare the extension. To prepare a valid, accurate extension, we need as much information as is available. We also need your express approval to file the extension on your behalf. An extension, however, only provides you with an extension to file, not an extension to pay. Taxes paid after April 18 will result in penalties and interest.

Under both federal and California law, we are required to electronically file your returns. However, you may opt out of electronically filing without explanation. If you would rather not e-file please let us know and we will provide you with the government opt-out forms you must sign and return to us.

If a joint return is prepared, tax returns and copies of all supporting documentation will be made available to either spouse without the consent or notification of the other spouse.

You are responsible for reporting foreign activities. By signing this letter, you acknowledge that you will inform us if you have income from foreign sources or if you have signatory authority over any foreign account. If you are unsure whether income or an account is foreign, we will review it. Note that the penalties for failure to report foreign activities are severe.

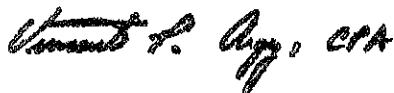
Your tax returns may be selected for review by the taxing authorities. If the government selects your return for examination, we will be available to assist you. At our discretion, there may be additional fees for this service.

We generally retain, for seven years, the final work product generated for our clients. After the retention period, the documents are destroyed. We do not keep original documents — they are returned to you after completion of the returns. It is your responsibility to retain your records for possible future use, including possible examination by the taxing authorities.

Our fees for tax preparation services are based on the value of the final product generated to our clients. All invoices are due and payable upon presentation.

If the foregoing fairly sets forth your understanding, please sign the enclosed copy of this letter and return it to our office. Work cannot commence until a signed copy of this document is returned. If this is a joint return, both spouses must sign.

Very truly yours,



Vincent P. Argy, CPA

Acknowledged:

TAXPAYER

SPOUSE

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Print name: \_\_\_\_\_

Print name: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

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## **ADDITIONAL ITEMS YOU SHOULD GATHER (THAT YOUR ORGANIZER MIGHT NOT LIST)**

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1. 1099-Ks for merchant charges. Reconcile amounts on 1099s to amounts reported by the client for Schedules C or E (or business entity return)
  2. 1099-Bs for sales of stock or securities. Reconcile amounts on 1099s to amounts shown on client reports, if any.
  3. Property tax statements: Look at property tax bills and estimate of value of real property in California to verify that the county has properly computed tax based on reduced property values.
  4. Review government documents (W-2s, 1099s) for federal/California differences.
  5. Paycheck stubs to review 2023 withholding.
  6. Statements and instructions from mutual fund companies breaking down U.S. government and state tax-exempt income information
  7. All tax information broken out separately for both members of a registered domestic partnership
  8. Notices, bills, etc., from the IRS or California
  9. New clients should bring the past two years' California returns.
  10. For the Child and Dependent Care Expenses Credit:
    - Nontaxable funds received, including child support and public assistance;
    - Percentage of time the qualifying dependent lives in the California home of the taxpayer;
    - Address, telephone number, and Social Security number or Employer Identification Number of the care providers;
    - Expenses paid to California providers; and
    - Nonresident military spouse's military income
  11. California K-1 and accompanying correspondence (check for California differences and possible state tax paid by S corporation, partnership, trust, or LLC).
  12. Withholding paid through escrow on sales of property reported on FTB Form 593-B and closing statements. Keep a copy of the escrow closing statement and Form 593-B.
  13. Withholding for residents and nonresidents reported on FTB Form 592-B
  14. Invoices from purchases made over the Internet, by mail, or by phone order where no California sales or use tax was paid (or, if the use tax table amount is used, only individual purchases of more than \$1,000).
  15. Any activity pertaining to a Health Savings Account, including contributions to, earnings or losses from, distributions from, and rollovers to that account
  16. Rollover or distribution amounts from Medical Savings Accounts, FSAs, HRAs, and Roth IRA conversions
  17. Did the taxpayer form a business entity this year, does the taxpayer own an inactive business, or does he or she plan to terminate a business this year?
  18. Change of ownership of business entity
  19. Title change information for property that changed hands due to gift or death of an owner.
  20. For employers with no more than 25 full-time equivalent employees, review for possible federal Health Insurance Credit. If credit is taken, there will be a federal/California difference in the expense amount for employee health insurance.
  21. For Schedule C and other business returns, alert the taxpayer of the requirement for a city business license.
  22. Identity Protection PIN (IP PIN): If you received a CP101A Notice from the IRS in December, your IP PIN is located in the left column. Please provide a copy of this letter.
  23. For all documents, please provide a scan, photocopy, or fax. Do not send photos taken with a cell phone.
  24. Proof of health insurance coverage, including 1095 Forms.
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