



## TRUST TAX RETURN ENGAGEMENT LETTER

January 3, 2022

Dear Client,

Spinelli CPA, PC is pleased to provide you with the professional services described below. This letter is to confirm our understanding of the terms of our engagement for the year ended December 31, 2022 for income tax services and clarify the nature and extent of the income tax services we will provide.

### Scope of Our Services

Our engagement is limited to performing the following services:

1. Prepare the federal and state trust income tax returns.
2. Prepare any bookkeeping entries we find necessary in connection with preparation of the income tax returns.
3. Preparation of depreciation schedules.

We will rely upon the completeness and accuracy of the information and representations you provide to us to prepare your tax returns. We have not been engaged to and will not prepare financial statements. We will not audit or otherwise verify the data you submit to us, although we may ask you to clarify certain information.

We will prepare the above-referenced tax returns solely for filing with the Internal Revenue Service and applicable state tax authorities. Our work is not intended to benefit or influence any third party, either to obtain credit or for any other purpose.

You agree to indemnify and hold us harmless with respect to any and all claims arising from the use of the tax returns for any purpose other than filing with the IRS, state and local tax authorities regardless of the nature of the claim, including the negligence of any party, excepting claims arising from the gross negligence or intentional wrongful acts of Spinelli CPA, PC.

Our engagement does not include any procedures designed to detect errors, fraud, or theft or other wrongdoing. Therefore, our engagement cannot be relied upon to disclose such matters. In addition, we are not responsible for identifying or communicating deficiencies in your internal controls. You are responsible for developing and implementing internal controls applicable to your operations.

This engagement is limited to the professional services outlined above.

### CPA Firm Responsibilities

Unless otherwise noted, we will perform our services in accordance with the Statements on Standards for Tax Services ("SSTs") issued by the American Institute of Certified Public Accountants ("AICPA") and U.S. Treasury Department Circular 230 ("Circular 230"). It is our duty to perform services with the same standard of care that a reasonable tax return preparer would exercise in this type of engagement. It is your responsibility to safeguard your assets and maintain accurate records pertaining to transactions. We will not hold your property in trust for you, or otherwise accept fiduciary duties in the performance of the engagement.

*More than Accountants*

Spinelli CPA, PC

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*Members of AICPA, MSCP and NHSCPA*

Spinelli CPA, PC will not make any management decisions or perform management functions on your behalf.

We will use our judgment to resolve questions in your favor where a tax law is unclear, provided that we have a reasonable belief that there is substantial authority for doing so. If there are conflicting interpretations of the law, we will explain the possible positions that may be taken on your return. We will follow the position you request, provided it is consistent with our understanding of tax reference materials. Tax reference materials include but are not limited to, the Internal Revenue Code ("IRC"), tax regulations, Revenue Rulings, Revenue Procedures, Private Letter Rulings, court cases, and similar state and local guidance. If the IRS, state or local tax authorities later contest the position you select, additional tax, penalties, and interest may be assessed. You will be responsible for these amounts, as well as any professional fees, you may incur to respond to the tax authority.

This engagement does not include responding to inquiries by any governmental agency or tax authority. If your tax return is selected for examination or audit, you may request our assistance in responding to such an inquiry. If you ask us to represent you, and we agree, we will confirm this engagement in a separate written agreement.

### **Client Responsibilities**

You will provide us with a trial balance and other supporting data necessary to prepare your tax returns. You must provide us with accurate and complete information. Income from all sources, including those outside of the U.S., is required. The returns will be prepared solely from information provided to us without verification by us, although we may ask for clarification of certain information. 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.

You are responsible for maintaining adequate documentation to substantiate the accuracy and completeness of your tax returns. You are responsible for advising us of any changes in ownership so that it may be properly reflected on the tax returns. You should retain all documents that provide evidence and support for reported income, credits, deductions, and other information on your returns, as required under applicable tax laws and regulations. You represent that you have such documentation and can produce it if necessary, to respond to any audit or inquiry by tax authorities. You agree to hold our firm harmless from any liability including but not limited to, additional tax, penalties, interest and professional fees resulting from the disallowance of tax deductions due to inadequate documentation.

You are responsible for ensuring that personal expenses, if any, are segregated from business expenses and that expenses such as meals, travel, vehicle use, gifts, and related expenses are supported by documentation and records required by the IRS and other tax authorities. At your written request, we are available to provide you with written answers to your questions on the types of supporting records required.

You are responsible for complying with tax filing requirements of any other country. You acknowledge and agree that we have no responsibility to raise these issues with you and that foreign filing obligations are not within the scope of this engagement.

You are responsible for the safeguarding of assets, the proper recording of transactions in the books of accounts, the substantial accuracy of the financial records, and the complete, full and accurate disclosure of all relevant facts affecting the return(s) to us. You are responsible for adopting sound accounting practices and devising a system of internal controls.

You have the final responsibility for the accuracy of your tax return. We will provide you with a copy of your tax returns and accompanying schedules and statements for review prior to filing with the IRS, state and local tax authorities, as applicable. You agree to review and examine them carefully for accuracy and completeness. The tax returns will be electronically filed and you will be required to sign an e-file signature authorization form for us to electronically file the returns. In the event you do not wish to have your tax returns filed electronically, please contact our office. You will be responsible for reviewing the paper returns for accuracy, signing them and mailing them timely with the tax authorities. You are responsible for the timely distribution of Schedule K-1 to the shareholders, if applicable.

You are responsible for assuming all management responsibilities, and for overseeing any services we provide by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience. In addition, you are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for the results of such services.

### **Document Retention**

It is our policy to keep records related to this engagement for 5 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 expiration of the 5 year period, we are free to destroy our records related to this engagement.

### **Disclosure and Use of Taxpayer Information**

Should we receive any request for the disclosure of privileged information from any third party, including a subpoena or IRS summons, we will notify you. In the event you direct us not to make the disclosure, you agree to hold us harmless from any expense 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.

The return(s) 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, we will be available, upon request, to represent you. However, such additional services are not included in the fees for the preparation of the tax return(s).

By your signature, you authorize us to transmit, update, and store information electronically and to transmit your information over the internet and agree that we shall have no liability of loss or damage to any person or entity resulting from any such transmissions, updates, or storage, including damages such as loss of revenue or anticipated profits, or disclosure or communication of confidential or proprietary information. If the Trust has unique security needs, a discussion should be held with us before the engagement.

### **Fees and Billing**

Our rates for tax services are based on the complexity of the work to be performed, and our professional time required for the professional services at our standard billing rates for the personnel working on the engagement, plus out-of-pocket expenses. Hourly rates vary from \$75 to \$275 depending on the staff member providing the services. In addition, this fee depends upon the timely delivery, availability, quality, and completeness of the information you provide to us. You agree that you will deliver all records requested and respond to all inquiries made by our staff to complete this engagement on a timely basis. You agree to

pay all fees and expenses incurred whether or not we prepare the tax returns. All invoices are due and payable upon presentation. Amounts not paid within 30 days from the invoice date will be subject to a late payment charge of 1.5% per month (18% per year). If the account is turned over to an attorney or collection, an additional charge will be added to cover collection costs.

**Termination and Dispute Resolution**

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. You agree to compensate us for our time and out-of-pocket expenses through the date of our withdrawal.

**Limitation of Liability**

The Trust agrees that Spinelli CPA, PC and its personnel shall not be liable to the Trust for any actions, claims, liabilities, costs, expenses, or losses alleged to arise from or actually arising or resulting from or relating to the services performed in this engagement for an aggregate amount in excess of the fees paid by the Trust to Spinelli CPA, PC for this engagement. In no event shall Spinelli CPA, PC or its personnel be liable for consequential, special, indirect, incidental, punitive, or exemplary damages, costs, attorneys' fees and costs, and/or other expenses or losses (including, without limitation, lost profits and opportunity costs) alleged to arise from or actually arising or resulting from or relating to the services performed in this engagement.

The Trust further agrees to indemnify and hold harmless Spinelli CPA, PC and its personnel from all actions, claims, liabilities, costs, expenses, or losses asserted or alleged by any person(s) and/or entity(ies) not a party to this agreement and further alleged to arise from or actually arising or resulting from or relating to the services performed in this engagement. These limitations on liability and indemnification provisions shall apply to the fullest extent of the law, whether in contract, statute, tort (such as negligence), or otherwise.

**Agreement**

Thank you for choosing Spinelli CPA, PC. If the foregoing correctly sets forth your understanding of our tax engagement, please sign this letter in the space below and return it to our office. If you disagree with any of these terms, please notify us immediately. We value your business and are looking forward to working with you.

Sincerely,

*Spinelli CPA, PC*

Accepted By:

Trust Name: \_\_\_\_\_

Trustee Name: \_\_\_\_\_

Title: \_\_\_\_\_

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



## Trust Tax Return Organizer for 2022

January 3, 2023

Trust Clients

The due date to file a Trust Tax Return with a December 31, 2022 year-end is April 18, 2023. Please be reminded, if your trust has made or is making distributions for 2022, the trust tax return will need to be completed before the beneficiaries can complete their personal returns.

**Enclosed is an engagement letter with the understanding of the tax services we are to provide to your trust. Please read and sign the enclosed engagement letter and return to us with your information to prepare your trust tax returns. If you have any questions please call our office.**

**We will need the following information to complete the Trust returns:**

1. All **Income** for the year 01/01/2022 through 12/31/2022, including bank interest, dividends, tax exempt income, income from K-1's, capital gains, rental income, and any other income. **Please provide 1099s.**
2. All **expenses** paid either through trust accounts (In general we advise you to maintain separate trust checking accounts) or paid from other accounts on the trust's behalf, including legal and professional fees, taxes, interest, fiduciary fees, charitable donations, and any other trust related expenses.
3. A record of all **Federal and State tax payments** made for the trust showing dates and amounts paid.
4. Information regarding all **distributions**, including the dates made, the amounts, and to whom they were made.
5. A schedule of **beneficiaries** including names, addresses, social security numbers, and percentages of income or actual amounts paid to each.
6. A copy of any amendments made to your trust that you have not previously provided to our office.
7. A description, including date and amount, of any assets you have added to the trust within the last year.

Please note that we would need to review your tax documents to be able to advise you regarding distributions of income you are required to make, or distributions that would be beneficial for you to make in order to avoid incurring larger than necessary tax liabilities.

**If we have not received all your information or if we are unable to complete your trust return by April 1, 2023, we will apply for an extension of time to file your return.** With the application for extensions, payments must be included to cover any tax liability. We are able to extend the time to file your return but not the time to pay the tax due. If we find it necessary to extend your tax returns, we will contact you. The extensions will be filed electronically for the trust. If you have any questions, please call me.

Thank you for choosing Spinelli CPA as your tax advisor. We value your business and are looking forward to working with you.

Sincerely,

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