

Additional information – Terms and Conditions to your engagement letter.

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Last updated: December 22, 2022

Additional information – Terms and Conditions to your engagement letter.

“Client”, “You”, “Your” references the named individual or company explicitly stated in the engagement letter issued by Lang Allan & Company, CPAs PC (“us”, “we”, “firm”). This addendum alone does not infer we have been engaged by Client, rather it is additional information of the engagement letter we have explicitly issued to Client for the current year/engagement.

COVID-19

On March 11, 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak a pandemic. Citizens and the economies of the United States and other countries have been significantly impacted by the pandemic. Several stimulus packages have been signed into law in the U.S. providing economic relief to businesses and individuals. While it is premature to accurately predict how the coronavirus will ultimately affect your company's operations long term because the disease's severity and duration are uncertain, your 2020 financial results may be impacted and the implications beyond 2020, while unclear, could also be adversely impacted.

Accuracy of information supplied by Client

You understand and agree management or the individual is responsible for the accuracy and completeness of the records, documents, explanations, and other information provided to us for purposes of this engagement. You have the final responsibility for the income tax returns and, therefore, you should review them carefully before you sign them. You agree our firm is not responsible for a taxing authority's disallowance of deductions or inadequately supported documentation, nor for resulting taxes, penalties, and interest.

Multiple state business

If your individual return includes business activities and/or directly your business return, please note in 2018, a Supreme Court Ruling in South Dakota v. Wayfair, Inc. ("Wayfair") significantly impacted businesses that engage in out-of-state sales (i.e., remote sales). Wayfair opened the door for other states to redefine what is deemed to be "sufficient contact" from a physical presence standard, to a much broader standard that looks at a business's economic presence ("economic nexus") in a given state. How this may impact your business depends on the individual states from which you derive sales and whether they have adopted an economic nexus standard. As our engagement is limited to preparing the income tax returns specified in the annual engagement letter, our firm **is not rendering** any services designed to assess your sales and use tax risks and potential exposure to substantial ("economic") nexus. By your signature or acceptance of our annual engagement, you understand and acknowledge you are responsible for compliance with applicable rules associated with the collection and remittance of sales and use tax for the various states in which you do business. If you require our assistance to assess your sales and use tax exposure and how the Wayfair decision may impact your business, please let us know. Any additional services will be covered under a separate engagement letter.

Reasonable compensation

Client is also responsible for ensuring all shareholders or members of a limited liability company that file a S-Corporation or Corporation income tax return, who perform services for Client are paid reasonable compensation. Our engagement, unless explicitly stating so, does not include analysing or computing reasonable compensation. Lang Allan will not provide any formal guidance on reasonable compensation for services rendered by Client's members and/or shareholders, unless Client explicitly engages Lang Allan to perform such study and analysis.

Patient Protection and Affordable Care Act

Management of an entity or the individual taxpayer (and their family members) is (are) responsible for the design, implementation, and administration of applicable policies that may be required under the Patient Protection and Affordable Care Act (and as subsequently amended and updated). As Lang Allan is not rendering any legal services as part of our engagement, we will not be responsible for advising you with respect to the legal or regulatory aspects of your company's compliance with the Affordable Care Act.

Virtual currency

Please note the Internal Revenue Service (IRS) considers virtual currency (e.g., Bitcoin) as property for U.S. federal tax purposes. As such, **any transactions in, or transactions that use,** virtual currency are subject to the same general tax principles that apply to other property transactions. If you had virtual currency activity during the tax year, you may be subject to tax consequences associated with such transactions, and may have additional foreign reporting obligations. In addition, it is now a required disclosure if you own any virtual currency(ies).

You agree to provide us with complete and accurate information regarding any transactions in, or transactions have used, virtual currency during the applicable tax year. Please ask us for advice if you have any questions regarding the type of records required for virtual currency transactions.

Access to accounting software

For the limited purpose of preparing the tax returns identified in the engagement letter, you may have provided us with your monthly/annual QuickBooks and/or accounting files. By your acceptance of the engagement letter, you understand we are not responsible for the accuracy and completeness of your company's books and records. Accordingly, we will not advise you regarding the proper recording or appropriateness of the underlying transactions in your accounting files.

Our work in connection with the preparation of your income tax returns does not include any procedures designed to discover fraud, defalcations, or other irregularities, should any exist. We will render such accounting and bookkeeping assistance as we find necessary for preparing the income tax returns as noted in the engagement letter.

E-file

To the extent possible, we will file your income tax returns electronically ("e-file"). If e-filing is not available, we will prepare a paper copy for you to file. When e-filing, we will provide you with a copy of your return for you to review prior to e-filing. You must return the signed e-file forms to us and then we will electronically e-file your returns, as prepared, with the government agencies from our tax software. **We will not e-file your return until the respective forms are signed and returned to us.** Finally, please note we will use our best efforts to ensure your returns are successfully transmitted to the appropriate taxing authorities, we will not be financially responsible for electronic transmission or other errors arising after your return has been successfully submitted from our office.

Fees

Payments for services are due when rendered, and interim billings may be submitted as work progresses and expenses are incurred. Billings become delinquent if not paid within 30 days of the invoice date. If billings are past due in excess of 30 days, we will assess late fees at an annual rate of 18% and (i) stop all work until your account is brought current, or (ii) withdraw from this engagement. Client acknowledges and agrees we are not required to continue work in the event of Client's failure to pay on a timely basis for services rendered as required by this engagement letter. Client further acknowledges and agrees in the event we stop work or withdraw from this engagement as a result of Client's failure to pay on a timely basis for services rendered as required by this engagement letter, we shall not be liable to Client for any damages that occur as a result of our ceasing to render services. In the event we have to commence collection efforts for payment on our services, reasonable and normal fees (including but not limited to collection agency and legal fees) for collection will be added to your then outstanding balance.

When you provide a check as payment, you authorize us either to use information from your check to make a one-time electronic fund transfer from your account or to process the payment as a check transaction. When we use information from your check to make an electronic fund transfer, funds may be withdrawn from your account as soon as the same day you make your payment and you will not receive your check back from your financial institution. We will require a retainer, which is listed in the signature page, will be applied to the last billing as registered.

In addition, in the event our firm or any of its employees or agents is called as a witness or requested to provide any information whether oral, written, or electronic in any judicial, quasi-judicial, or administrative hearing or trial regarding information or communications you have provided to this firm, or any documents and workpapers prepared by Lang Allan in accordance with the terms of this agreement, you agree to pay any and all reasonable

expenses, including fees and costs for our time at the rates then in effect, as well as any legal or other fees we incur as a result of such appearance or production of documents.

Privileged information

If we are asked to disclose any privileged communication, unless we are required to disclose the communication by law, we will not provide such disclosure until you have had an opportunity to argue the communication is privileged. You agree to pay any and all reasonable expenses we incur, including legal fees, are a result of attempts to protect any communication as privileged.

Because of the importance of oral and written management representations to the effective performance of our services, Client releases and indemnifies Lang Allan and its personnel from any and all claims, liabilities, costs and expenses attributable to any misrepresentation by management and its representatives.

We may from time to time, and depending on the circumstances and nature of the services we are providing, share your confidential information with third-party service providers, some of whom may be cloud-based, but we remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and will take reasonable precautions to determine they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Although we will use our best efforts to make the sharing of your information to such third parties secure from unauthorized access, no completely secure system for electronic data transfer has yet been devised. As such, by your acceptance of the engagement letter, you understand the firm makes no warranty, expressed or implied, on the security of electronic data transfers.

Email communications

In connection with this engagement, we may communicate with you or others via email transmission. We take reasonable measures to secure your confidential information in our email transmissions, including password protecting tax returns and other confidential documents. However, as emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure or communication of email transmissions, or for the unauthorized use or failed delivery of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of sales or anticipated profits, or disclosure or communication of confidential or proprietary information.

File retention policy

It is our policy to keep records related to this engagement for 5 years. However, Lang Allan does not keep any original client records, so we will return those to you at the completion of the services rendered under this engagement. When records are returned to you, it is your responsibility to retain and protect them for possible future use, including potential examination by any government or regulatory agencies.

Prior period returns

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.

Foreign financial interest

Please note any person or entity subject to the jurisdiction of the United States (includes individuals, corporations, partnerships, trusts, and estates) having a financial interest in, or signature or other authority over, bank accounts, securities, or other financial accounts having a value exceeding \$10,000 in a foreign country, shall report such a relationship. Although there are some limited exceptions, filing requirements also apply to taxpayers that have direct or indirect control over a foreign or domestic entity with foreign financial accounts, even if the taxpayer does not have foreign account(s). For example, a corporate-owned foreign account would require filings by the corporation and by the individual corporate officers with signature authority. Failure to disclose the required information to the U.S. Department of the Treasury may result in substantial civil and/or criminal penalties.

If Client has a financial interest in, or signature authority over, any foreign accounts, Client are responsible for providing our firm with all the information necessary to prepare the Report of Foreign Bank and Financial Accounts (FBAR) required by the U.S. Department of the Treasury in order for the FBAR to be received by the Department on or before the due date. In 2015, a new law was passed that, among other tax deadline changes, also impacted the FBAR due date for the FBARs required to be annually. As such, if Client have an FBAR filing requirement, the new FBAR filing deadline is now April 15th. However, an extension can be requested for a maximum period of 6 months ending on October 15th of each tax year. Therefore, Client will need to provide us with the necessary information if Client would like us to request an extension on Client's behalf. If Client does not provide us with information regarding any interest Client may have in a foreign account, or if we do not timely receive Client's signed authorization to file Client's foreign reporting form, we will not be able to prepare and file any of the required disclosure statements.

In addition, the Internal Revenue Service also requires information reporting under applicable Internal Revenue Code sections and related regulations, and the respective IRS tax forms are due when Client's income tax return is due, including extensions. The IRS reporting requirements are in addition to the U.S. Department of the Treasury reporting requirements stated above. **Therefore, if Client fall into one of the below categories, or if Client has any direct or indirect foreign interests, Client may be required to file applicable IRS forms.**

- Client are an individual or entity with ownership of foreign financial assets and meet the specified criteria (Form 8938);
- Client are an officer, director or shareholder with respect to certain foreign corporations (Form 5471);
- Client are a foreign-owned U.S. corporation or foreign corporation engaged in a U.S. trade or business (Form 5472);
- Client are a U.S. transferor of property to a foreign corporation (Form 926);
- Client are a U.S. person with an interest in a foreign trust (Forms 3520 and 3520-A); or
- Client are a U.S. person with interests in a foreign partnership (Form 8865).

Failure to timely file the appropriate forms with the U.S. Department of the Treasury and the Internal Revenue Service may result in substantial monetary penalties. By Client's agreement of Client's engagement letter, Client accepts responsibility for informing us if Client believes Client may have foreign reporting requirements with the U.S. Department of the Treasury and/or Internal Revenue Service and Client agree to timely provide us with the information necessary to prepare the appropriate form(s). **We assume no liability for penalties associated with the failure or untimely filing of any of these forms.**

Client access to Lang Allan portal

Client accepts the terms and conditions of such useage, as updated. You can access your [portal here](#). The Client portal will be made available for all tax returns, individual tax e-organizers and the ability to send documents to us securely. To send files to us, please login to your portal and use "FILE EXCHANGE". You will be given access to one portal that may have full access to all your related entities we assist with.

Third-party service providers

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Additional resources:

[Small business tax preparation checklist – NO accounting software used](#) – a checklist for small business with no accounting software in use.

[Small business tax preparation checklist – accounting software in use](#) – a checklist for small business with accounting software in use.

[Rental real estate tax preparation checklist – NO accounting software used](#) – a checklist for landlords with no accounting software in use.

[Rental property workbook](#) – an excel file to help you aggregate your rental property income/expenses.

[Lang Allan tax services web page](#) - Our web page to assist you with other tax matters/resources.

Where's my refund

The links below may have been updated by the related states. If the links below do not work, search google for “where's my refund – XX” where XX is the state name. Be sure to **ONLY go to an actual state government website**; do not use any third-party sites/services. All State Agencies within the United States end in a **.GOV and have their state name/abbreviation in their respective domain**.

<u>IRS</u>	<u>Colorado</u>	<u>California</u>	<u>New Jersey</u>	<u>New York</u>
<u>Arizona</u>	<u>Georgia</u>	<u>Maryland</u>	<u>Oregon</u>	