



ENGAGEMENT LETTER FOR BUSINESSES

Thank you for choosing Etrends Group to prepare your business federal and/or state income tax return. This letter is to confirm our understanding of the terms and objectives of our tax services engagement and to clarify the nature and limitations of the tax services to be provided.

Our engagement will be designed to perform the following services:

1. Prepare the federal and one requested state income tax return with supporting schedules.
2. Prepare the necessary book/tax adjustments in connection with preparation of the income tax return(s), if determined necessary by Etrends Group and the Client.

Management is responsible for the proper recording of transactions in the books of accounts, for the safeguarding of assets, and for the substantial accuracy of the financial records. It is your responsibility to provide us with all the information necessary for the preparation of complete and accurate income tax return(s). We will not verify the information you give us; however, we may ask for additional clarification of some information. Since the return(s) will reflect the information that you have given us, you have the ultimate responsibility for its accuracy; therefore you should review it carefully before you sign and file it. The information you have submitted is for the sole purpose of preparing your tax return(s). Each item can be substantiated by receipts, canceled checks, or other documents. This information is true, correct, and complete to the best of your knowledge.

ETRENDS GROUP procedures in connection with the preparation of your income tax return(s) do not include any procedures designed to discover errors or other irregularities in the information you provide to us, should any exist. We may provide any tax and accounting assistance ETRENDS GROUP or you find necessary for the preparation of the return(s). In some cases third party providers may be used in the preparation of your tax returns. In all such cases, required due diligence regarding safeguarding of information will be followed.

Because the tax law is not always clear, ETRENDS GROUP will use its professional judgment in assisting you to resolve questions affecting your return(s). Your return(s) are subject to examination by the taxing authorities, who may not agree with your positions. 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 your tax return(s). Any requests or adjustments they propose are subject to certain rights of appeal. If an examination occurs, ETRENDS GROUP will generally be pleased to represent you if you so desire; however, these additional services are not included in our fee for preparation of your return(s).

Because of the lack of clarity in the law, ETRENDS GROUP cannot provide assurance that positions asserted by taxing authorities will not ultimately be sustained. It is important for you to know that the law imposes a percentage penalty if a taxpayer makes a "substantial understatement" of tax liability. For business taxpayers, a substantial understatement is when the understatement for the year exceeds the greater of 10% of the tax required to be shown on the return, or \$5,000.

The penalty is 20% of the underpaid tax. You should also know that IRS audit procedures will almost always include questions on bartering transactions and on deductions that require strict documentation such as travel & entertainment expenses and expenses for business usage of automobiles and computers. In preparing your returns, we rely on your representations that we have been informed of all bartering transactions and that you understand and have complied with the documentation requirements for your



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expenses and deductions. If you have questions about these issues, please contact us before your return is finalized.

The IRS and some states have issued "tax shelter" rules that require taxpayers to disclose their participation in "reportable transactions" by attaching a disclosure form to their federal and/or state income tax returns. These rules impose significant requirements to disclose transactions and such disclosures may encompass many transactions entered into in the ordinary course of business or in your personal investing activities. Failure to make such disclosures could result in substantial penalties. You are responsible for ensuring that you have properly disclosed all reportable transactions. ETRENDS GROUP will not be liable for any penalties resulting from your failure to accurately or timely file any required disclosure. Please note that any disclosure required by or made pursuant to the tax shelter rules is separate and distinct from any other disclosure that you might be required or choose to make with your return(s).

If you are unclear about these tax shelter disclosure responsibilities or if you believe that you have engaged in transactions that may constitute a tax shelter or that could result in substantial understatements of income tax if the claimed tax position is not sustained, you should immediately discuss such transactions with our tax professionals.

Our fees for this engagement are based upon an estimation of what it will cost to prepare a complete and accurate return based upon our normal billing rates, plus out-of-pocket expenses, and computer processing charges. It is understood that if it takes us more time to complete the return than has been prepaid at our hourly billing rates, or if additional services are required, there will be an additional charge equal to the time required to complete the task at our hourly billing rates. Hourly rates vary from \$75 to \$300 per hour depending on the individual providing the services. The cost of special request regarding delivery options will be charged to you. Otherwise, all tax returns will be available for pickup, secure online vault transfer, or mailed via the US postal service at standard ground rates. All invoices are due upon receipt prior to the beginning of our services. Our fee for additional copies of prior year returns is \$25.00 per tax year.

Although we are available to provide you with tax planning advice, we are not obligated to do so unless you have paid specifically for this service. It is our policy to put all tax planning advice in writing. You should not rely on any advice that has not been fully reviewed and put in writing by our firm. This tax planning advice will be charged based upon our standard hourly rates, and is usually paid in advance to any services being performed.

Certain communications involving tax advice between you and our firm may be privileged and not subject to disclosure to the IRS. By disclosing the contents of those communications to anyone or by turning over information about those communications to the government, you may be waiving this privilege. To protect your right to privileged communication between yourself and our firm, please consult with us or your attorney prior to disclosing any information about our tax advice.

If you do not want to receive email about tax updates or other items that we believe are relevant to you or your business, but may not be related directly to the work we perform for you, please initial here. _____

Please indicate your agreement to this letter and the attached Business Engagement Terms, which are attached, by signing the enclosed copy of this letter and returning it to our office.



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We appreciate this opportunity to serve you. If you have any questions or need any additional information, please do not hesitate to contact us.

This engagement letter is for preparation of tax returns for the year _____.

Sincerely,

ETRENDS GROUP

CLIENT AGREED AND ACCEPTED:

By: _____

By: _____
Signature Date

Print Name

Company Name





BUSINESS ENGAGEMENT TERMS

- A. **Services.** It is understood and agreed that ETRENDS GROUP's, service may include advice and recommendations, but all decisions in connection with the implementation of such advice and recommendations shall be the responsibility of, and made by, Client. In connection with its services hereunder, ETRENDS GROUP shall be entitled to rely on all decisions and approvals of Client.
- B. **Term.** Unless terminated sooner in accordance with its terms, this engagement shall terminate on the completion of ETRENDS GROUP service hereunder. This engagement may not be terminated by the client, but ETRENDS GROUP may terminate the engagement at any time by giving written notice to the client not less than (30) days before the effective date of termination. In the event of termination pursuant to this paragraph, Client agrees to compensate ETRENDS GROUP under the terms of the engagement letter to which these terms are appended ("engagement letter") for services performed and express incurred through the effective date of termination.
- C. **Limitation on Damages.** Client agrees that ETRENDS GROUP and its personnel shall not be liable to Client for any claims, liabilities, or expenses relating to this engagement for an aggregate amount in excess of the fees paid by Client to ETRENDS GROUP pursuant to this engagement, except to the extent finally judicially determined to have resulted primarily from the bad faith or intentional misconduct of ETRENDS GROUP. In no event shall ETRENDS GROUP or its personnel be liable for consequential, special, indirect, incidental, punitive or exemplary loss, damage, or expense relating to this engagement. The provisions of this Paragraph shall apply to the fullest extent of the law, whether in contract, statute, tort (such as negligence), or otherwise. In circumstances where all or any portion of the provisions of this Paragraph are finally judicially determined to be unavailable, ETRENDS GROUP's aggregate liability for any claims, liabilities, or expenses relating to this engagement shall not exceed an amount which is proportional to the relative fault that ETRENDS GROUP conduct bears to all other conduct giving rise to such claims, liabilities or expenses.
- D. **Waiver of Jury Trial.** ETRENDS GROUP AND CLIENT HEREBY IRREVOCABLY WAIVE, TO THE FULLEST EXTENT OF THE LAW, ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER IN CONTRACT, STATUTE, TORT (SUCH AS NEGLIGENCE), OR OTHERWISE) RELATING TO THIS ENGAGEMENT.
- E. **Information & Data.** ETRENDS GROUP shall be entitled to assume, without independent verification, the accuracy of all representations, assumptions, information and data that Client and its representatives provide to ETRENDS GROUP. All assumptions, representations, information and data to be supplied by Client and its representatives will be complete and accurate to the best of Client's knowledge. ETRENDS GROUP may use information and data furnished by others; however, ETRENDS GROUP shall not be responsible for, and ETRENDS GROUP shall provide no assurance regarding the accuracy of any such information or data. Except as specially agreed to, ETRENDS GROUP shall have no responsibility to address any legal matters or questions of law, other than tax law.