

TY
2020

Information & Documents for Tax Preparation

This packet will give you an easy head-start on the tax preparation process and help you prepare for your tax appointment. Just click and download.



Dear Clients:

This packet is intended to give you an easy head-start on the tax preparation process and includes the following items:

- Highlights of Pertinent Tax Code Changes – rules that may affect you as you prepare for TY'20 and plan for TY'21
- Summary of Important Tax Data – tables and charts of rates, thresholds, dates and handy references
- Personal Tax Organizer – two-page questionnaire to help you gather your tax data
- Needed Documents – provides a detailed list of supporting documentation that you should attempt to gather
- Engagement Agreement – please sign and return this form to me along with \$425 deposit to get the process started
- Taxpayer Consent – please sign and return this form to me to grant me permission to offer tax planning services to you
- Office Policies – outline of procedures, discounts and my pledge to offer you personalized service and expertise

And there's still more information available on my [website](#). I invite you to click and explore – some of what you'll find there:

- Links to all [state tax authorities](#) and many other [useful reference sites](#).
- Info about estates & gifts, business, investments and senior issues on [Specialty](#) pages dedicated to each topic.
- [Due dates](#) for estimated tax payments and filing returns.
- Upcoming deadlines for [issuing 1099s](#) (February 1st) and [business tax registration](#) (March 1st).
- A page addressing frequently asked questions ([FAQs](#)) and common taxpayer concerns.
- My [blog](#) presenting an informal discussion intended to keep you abreast of code changes and other timely issues.
- [Materials](#) to make record-keeping easier, learn about business start-up, find charity valuation guides and much more.
- [Fraud](#) to keep you abreast of the latest scams and offer identity theft protection tips.
- In the Help section, you'll learn know [How to...](#) to reach the IRS, cancel an automatic debit, find out if your amended return has been processed, order a transcript or simply [have fun](#), amongst many other practical tips.

While I hope to pre-empt many of your questions and give you the information you need before you even think to ask, I also encourage you to call or [e-mail](#) if you would like to discuss your personal situation or use the [Inquire](#) tab. The Inquiry Form was designed to allow prospects to contact me with questions about services that I offer. I am purposefully sending you to that form so that you may become familiar with it and can suggest to *others* – friends, family and referrals – to contact me in this manner. Remember, that I am always eager to welcome your referrals and will reward you with a generous gift card for every referral who becomes a client.

For those of you who seek the luxury of communicating with me without being “on the clock”, I offer a [Service Contract](#) which will entitle you to unlimited hours of free consultation in lieu of my customary hourly rate on such topics as withholding allowances, estimated tax computations, job changes, out-of-state moves, new home purchases, refinancing, divorce and adoption, college savings, retirement plans, business start-up, amongst many other issues.

To entice you to read my Year-start Letter enclosed in this packet, I have outlined various tax saving strategies as well as fee reduction techniques. I encourage you to commit to the tax preparation process by returning the attached Engagement Agreement and Taxpayer Consent form along with a check or [online payment](#) of my \$425 retainer fee. I thank you in advance!

With warm regards,

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For your convenience and to allow for easy reading, all of these documents have been individually posted to the [Materials](#) page of my website.

When you have completed the required forms in this packet and gathered your tax data, you should submit it to me in a security-conscious manner. If you wish to use a secure server, you may head for the [Contact](#) page of my website to **access a link that allows for easy upload and convenient transmission.**

NOTE: To ensure the integrity of my system and for the safety of all clients, I will not accept online transmissions sent via Dropbox, Google Drive or other open-source file sharing systems and I will not accept data sent via servers for which I have to provide information to open an account.

If you would rather use e-mail to send documents and information, please be sure to password-protect your PDF attachments *and provide me with your selected password under separate cover.* Alternatively, US mail, overnight delivery with tracking, and faxes work just fine. NOTE: Due to the COVID pandemic, **in-office appointments and data drop-offs are currently not available.**

HIGHLIGHTS OF PERTINENT TAX CODE CHANGES

(TY 2020)

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COVID-19: It should come as no surprise that the pandemic that leads daily headlines is also mentioned first in this year's update. In response to the economic hardships suffered, Congress enacted numerous bills to postpone filings, offer temporary taxpayer relief, spur the markets, jump-start the economy, and amass the political capital of our legislators. While many provisions expired mid-year, others introduced meaningful changes.



Recovery Rebate Credit: Stimulus checks issued to taxpayers throughout the year were in fact *advance* tax credits intended to reduce the TY'20 tax liabilities of low- to moderate-income taxpayers. Eligibility and credit amounts were provisionally based on information from previously filed returns for 2018 and 2019 and must now be reconciled on 2020 returns. While excess credits received need not be repaid, taxpayers who did not receive Economic Impact Payments or received lesser amounts than those to which they are entitled, must claim the Recovery Rebate Credit when filing their TY'20 returns.

CARES Act: As much as \$100,000 COVID-related retirement plan distributions taken in 2020 may be withdrawn without the usual 10% early withdrawal penalty applicable to individuals under age 59½. Additionally, such distributions will be included in taxable income in equal installments over a 3-year period unless the taxpayer affirmatively elects inclusion in the year received. If the distribution is repaid to the retirement plan or IRA within 3 years, all tax consequences of the distribution can be nullified. [Form 8915-E must be used to report plan distributions and repayments.] Eligible taxpayers include those who have been diagnosed with COVID or have suffered adverse financial consequences due to COVID-related quarantine, furlough, unemployment, childcare needs, or other business setback [IRS Notice 2020-50]. **CAVEAT:** Qualified disaster distributions do not (yet?) include those taken in 2021. **STATE:** California (CA) conforms to the penalty waiver, the inclusion of income over 3 years, as well as the recontribution provision.

More COVID Relief: Hard fought by seemingly intransigent legislators, bipartisan compromises eventually created a second relief package that was reluctantly signed by President Trump on December 27th. The \$2.3 trillion Consolidated Appropriations Act (CAA) combines \$900 billion in stimulus relief for the COVID-19 pandemic with a \$1.4 trillion omnibus spending bill that prevented a looming government shut-down and is one of the largest spending measures ever enacted. Tax-related provisions include:

- A second round of stimulus checks will be sent to income-qualified taxpayers who will receive up to \$600 per individual as well as \$600 for each dependent under age 17. Payments will be reduced by 5% of the taxpayer's adjusted gross income (AGI) in excess of \$75K (Single) and \$150K (Married-Filing-Jointly); and eliminated altogether when income reaches \$99K (S) and \$198K (MFJ). Eligible taxpayers include all but Non-resident Aliens (NRAs), trusts and estates. Eligibility was expanded to include all individuals with a valid Social Security Number (SSN) even if filing with a person who uses an Individual Taxpayer ID Number (ITIN). Taxpayers who were previously prevented from receiving stimulus checks under the CARES Act may now claim a Recovery Rebate Credit when filing their 2020 tax return.
- Enhanced unemployment benefits of \$300/week were extended to March 14, 2021.
- The new legislation clarifies that business expenses paid with the proceeds of Payment Protection Program (PPP) loans are tax-deductible, even if loan proceeds are later forgiven. **STATE:** Not all states conform. CA taxpayers, for example, will have to reduce business expenses by the amount of PPP loan forgiveness on the state return. 
- Employer education assistance provided after March 27, 2020 to repay student loans remains tax-free through 2025.
- Reversing the prohibition enacted under the Tax Cuts and Jobs Act (TCJA) in 2017, business meals consumed in 2021 and 2022 are once again deductible – this time *in full* – if food or beverages are provided by a restaurant. **CAVEAT:** To be deductible (1) the meals cannot be lavish or extravagant, and (2) the business owner or an employee must be present when meals are served. If food or beverages are provided during an entertainment activity, they must be purchased or itemized separately from the cost of entertainment, which is nondeductible.
- Mortgage insurance premiums remain deductible through 2021; the maximum deduction is \$1K if AGI is less than \$100K.
- For taxpayers who itemize deductions, the 100% AGI threshold for deductible charitable contributions to a public charity has been extended through 2021. **CAVEAT:** While such deductions serve to reduce taxable income, they do not reduce AGI for purposes of computing other AGI-limited thresholds such as ROTH contributions and the Net Investment Income (NII) surtax.

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Penalty Relief: In an effort to assist taxpayers affected by COVID, the IRS has stated that it wants to “do everything [it] can under existing rules for immediate, broad-based relief from unpaid liabilities [i]ncluding those affected by IRS mail processing and correspondence delays.” The IRS seeks to remove bureaucratic barriers and expand flexibilities, as well as balance relief provided to individual taxpayers against the need to uphold the nation’s tax laws. Specifically, the IRS offers the following initiatives:

- Reasonable cause assistance for failure to file, failure to pay and failure to deposit penalties. First-time abatement relief is also available for the first time a taxpayer is subject to one or more of these tax penalties.
- Extension of the short-term payment plan timeframe from 120 to 180 days.
- Streamlining the application process for installment agreements up to \$250,000 without financial verification for cases not yet assigned to a revenue officer.
- Automatically including new tax year balances with existing installment agreements.

On the [IRS website](#), Deputy Commissioner Guillot encourages taxpayers struggling with a tax bill to “reach out to us” and promises “our people can help you.”

Delays: The IRS is open and processing mail, tax returns, payments, refunds and correspondence. However, service delays due to reduced staffing and COVID precautions continue to affect live phone support, processing tax returns filed on paper, answering mail from taxpayers and reviewing tax returns, even those filed electronically. The tax authority offers updates and anticipated wait times on its [website](#).



Work from home: Taxpayers under stay-at-home orders and required to work remotely from a location that is different from the employer’s location may have new state filing requirements. If subject to tax in both resident and non-resident states, most (but not all) states will allow the resident taxpayer to claim a credit for amounts paid on doubly taxed income.

SECURE Act: Enactment in late 2019 brought sweeping changes to retirement plan contribution and distribution rules that became effective at the start of 2020.

Contributions: Beginning January 1, 2020, working individuals may contribute to Traditional IRAs even after age 70½.

Required Minimum Distributions (RMDs): The distribution age was raised from 70½ to 72 beginning in 2020.

CAVEAT: But because the CARES Act then eliminated the RMD for the COVID year, all *required* distributions – regardless of the taxpayer’s age – were deferred into 2021.

Designated Beneficiaries: The entire retirement account balance must be distributed to non-spouse beneficiaries within 10 years following the plan owner’s death and can no longer be stretched over the lifetime of the beneficiary. **CAVEAT:** Non-designated beneficiaries such as charities, estates and trust must generally withdraw retirement assets within 5 years, while spousal beneficiaries, disabled persons and minor children may still benefit from STRETCH IRA provisions.



“Baby” Withdrawals: Up to \$5,000/spouse of retirement plan withdrawals used to cover expenses related to childbirth or adoption may be taken penalty-free.

Miscellaneous:

Medical Expenses: The AGI threshold for deductible costs has been *permanently* set at 7.5% of AGI. **NOTE:** It had been previously scheduled to increase to 10% in 2021.

IP-PIN: The IRS Identity Protection PIN program previously available only to known identity theft victims will be expanded to all taxpayers who can verify their identity in early 2021. The 6-digit number assigned annually to taxpayers is used to help prevent unauthorized use of SSNs on fraudulently filed returns. To obtain an IP-PIN, a taxpayer may use the online [Get an IP-PIN](#) tool or submit Form 15227 to the IRS. **NOTE:** There is no longer a need to file Form 14039, Identity Theft Affidavit.

STATE: CA offers a **Young Child Tax Credit** (up to \$1,000) to taxpayers who qualify for the Earned Income Tax Credit (EITC) and have a child under age 6. Taxpayers may use an [online tool](#) to estimate the amount of credit for which they are eligible.

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Due Dates: The IRS has not yet announced when it will begin processing paper and e-filed returns for tax year 2020. The late-year enactment of broad sweeping provisions has left the tax authority scrambling with requisite changes while charged with the simultaneous delivery of the second round of stimulus checks.

Here's a list of [due dates](#) for 2020 tax returns:

Form	Due Date (2021) *fiscal year filers have alternate filing dates	Extended Due Date (2021) *fiscal year filers have alternate filing dates
1040 (Individual Return)	April 15	October 15
1065 (Partnership Return)	March 15	September 15 [CA: October 15]
1120-S (S-Corp. Return)	March 15	September 15
1120 (Corporate Return)	April 15	October 15
1041 (Fiduciary Return)	April 15	September 30 [CA: October 15]
990 (Non-profit Organization)	May 15	November 15

Foreign Account Reporting: Taxpayers who had authority over foreign financial accounts with a combined value in excess of \$10,000 at *any* time during 2020 must [e-file FinCEN 114](#) by **April 15, 2021**; taxpayers who need additional time to file receive an *automatic* 6-month extension. **CAVEAT:** Individual taxpayers, as well as corporations and partnerships, may also be required to file Form 8938 and attach it to their income tax return if the aggregate value of foreign financial assets exceeds \$50K. Certain taxpayers may have additional filing requirements, including Form 3520 (if transacting with a foreign trust or receiving an inheritance from abroad) and Form 8621 (if invested in passive foreign investment companies), amongst many others. **STATE:** CA conforms to FATCA reporting requirements. Failure to attach the federal Form 8938 to the state return will result in a \$10,000 state penalty in addition to any applicable federal penalties.

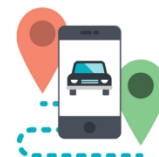
Information Returns: Copies of W-2s issued to employees and 1099s issued to independent contractors must be submitted with the accompanying Forms W-3 and 1096 by **February 1, 2021**. Most other 1099s may be filed with the IRS on paper by **March 1st** or submitted electronically by **March 31st**. **CAVEAT:** Payers reporting non-employee compensation paid to independent contractors may no longer use Form 1099-MISC and must instead submit the new Form 1099-NEC. **STATE:** Some states – including CA – do not participate in the combined federal and state filing program and therefore require payers to submit a copy of Form 1099-NEC directly to the state tax authority.



STATE: CA now presumes that most workers are employees unless the hiring entity can satisfy each of the following three criteria under the A-B-C Test: A) The employer may not control or direct the worker's performance; B) The worker performs work outside the usual course of the employer's business; *and* C) The worker must be customarily engaged in an independently established trade or business that is of the same nature as the work performed for the employer. The new absolute standard eliminates the flexibility of the old *Borello* (1989) standard that weighted multiple factors with regards to how the work was performed. **CAVEAT:** A corporation or limited liability company (LLC) formed by the worker will be ignored if the worker does not meet the A-B-C Test; as a result, the worker who owns the business entity will still be deemed to be an employee of the payer.

Certain worker groups [e.g., insurance and securities brokers, doctors, lawyers, architects, engineers, accountants] have been granted legislative exemptions from the A-B-C Test (but not previously enacted guidelines); as have bona fide business entities that qualify under a narrow business-to-business exception if they can satisfy twelve criteria that include providing services directly to a contracting business (not its customers), the contractor maintains a separate business location and registers for a business license, amongst other factors. In general, however, most workers in a wide range of professions must now be classified as employees; thereby becoming eligible for wage protections and employee benefits but unable to claim deductions for unreimbursed business expenses on their *federal* returns.

After an intensive and expensive [\$225 million] lobbying campaign, app-based driving companies successively carved out yet another exception with the passage of Proposition 22 on CA's November 5th ballot [58 to 42%]. As a result, delivery and rideshare drivers for such companies as DoorDash, Lyft, Uber, and Postmates may henceforth be classified as independent contractors. While it is not yet clear if the classification may be applied retroactively to the enactment of AB-5 in 2019, the voter-approved reclassification nevertheless signals a change that other states may adopt in the future as they seek to regulate the emerging gig economy.



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Local Business Tax: Most cities require that businesses be registered; the attendant tax may sometimes be waived *if* registration forms are timely filed (**March 1, 2021** for Los Angeles). **NOTE:** Independent contractors (workers paid via 1099 rather than W-2) are deemed to be “in business” for licensing purposes. Links to licensing departments in Los Angeles, Culver City, West Hollywood and Santa Monica, information for small business owners and much more can be found on a [specialty page](#) of my website dedicated to business matters. **CAVEAT:** Some localities may require AirBnB and other short-term rental hosts to submit Business Property Statements for the purpose of assessing an annual tax on the value of personal property and fixtures used in the business.

Form Changes: Taxpayers should note that new lines and checkboxes have been added to Form 1040 to accommodate new legislation introduced during the past year and to facilitate IRS enforcement activity.

- The question asking if taxpayers have received, sold, exchanged, or otherwise acquired any financial interest in crypto currency has been moved from Schedule 1 and placed prominently near the top of Form 1040.

The image shows a portion of the 2020 Form 1040. A new question is highlighted in red: "Did you receive, sell, exchange, or otherwise acquire any financial interest in cryptocurrency?" This question is now located near the top of the form, near the "Other Income" section.

CAVEAT: The IRS has taken the position that virtual currency is considered investment property. Therefore, any transaction involving the sale or exchange of virtual currency must be accounted for on the tax return and will likely involve a reportable

transaction on **Form 8949**.

- Line 10b will be used to claim up to a \$300 above-the-line charitable contribution for those taxpayers who do not itemize deductions on Schedule A [this provision was enacted under CARES and extended through 2021 under CAA]. **REMINDER:** Seniors over the age of 70½ may elect to make a *direct* IRA-to-charity transfer, thereby avoiding the inclusion of their Required Minimum Distribution (RMD) in taxable income, minimizing the taxability of Social Security benefits, and potentially avoiding Medicare Surtaxes. Although the SECURE Act of 2019 delayed the RMD starting age from 70½ to 72, the act did not change the **Qualifying Charitable Distribution (QCD)** starting age which remains at 70½. IRA beneficiaries required under new accelerated distribution rules may also avail themselves of the QCD. **CAVEAT:** Taxpayers who make a deductible IRA contribution after age 70½ must recapture that deduction by subtracting the deducted contribution amount from any ensuing QCD. Due to this penalty, taxpayers who wish to fund a retirement account after age 70½ should instead contribute to a ROTH.
- Line 25 has been subdivided so that taxpayers may report income tax withholdings from sources other than mere wage withholdings.
- Line 30 has been added to Page 2 so that taxpayers can request a refundable credit for COVID stimulus payments they did not properly receive during 2020.
- Schedule 3 has been modified so that employers who previously elected to postpone the payment of the employer's share of Social Security taxes can now add the deferred liability to the tax due as computed on Line 37 of Form 1040. Schedule SE for self-employed taxpayers and Schedule H for household employers have been changed to allow employers to calculate the amounts of tax deferred under as CARES Act relief provisions.
- Form 7202 will be used to compute the refundable credit for qualified sick and family leave which must them be transferred to Schedule 3.
- Taxpayers seeking to amend a previously e-filed return for TY'19 (only) may now e-file Form 1040X.



STATE: CA requires taxpayers wishing to claim the Head of Household (HoH) status to attach Form 3532 to the state return to allow the FTB to determine the taxpayer's eligibility for the preferential tax filing status. Failure to submit the form will result in the automatic issuance of a Notice of Tax Return Change denying the HoH status and assessing additional tax.

STATE: Effective with TY'20, CA requires that all taxpayers maintain qualifying healthcare coverage. Failure to maintain minimum essential insurance will trigger the Individual Shared Responsibility Penalty equal to the greater of either \$750/adult and \$375/minor or 2.5% of excess gross income over the filing threshold for the applicable filing status; computed on the new Form 3853. To reconcile advance premium assistance subsidy payments, Taxpayers must use Form 3849. The FTB offers an online [estimator](#) to calculate the applicable penalty. Information about coverages, exemptions and financial assistance are available through [Covered California](#). **REMINDER:** The *federal* Shared Responsibility Penalty assessed on taxpayers who fail to maintain minimum essential healthcare coverage was repealed in 2019.

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SUMMARY OF IMPORTANT TAX DATA™ FOR TY 2020

[2021 in italics; CA shaded]

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The information herein is for educational use only & should not be construed as tax, financial, or legal advice since every taxpayer's situation is unique. You should consult with tax & legal professionals prior to implementation. Any tax advice herein is not intended to be used--and shall not be used--by any taxpayer for the purposes of avoiding any penalties that may be imposed by the tax authorities.

Federal & CA Tax Rate Schedules

Filing Status	10%	12%	22%	24%	26% AMT only	28% AMT only	32%	35% NOTE: Marriage Penalty	37% NOTE: Marriage Penalty
Single	<9,875 (9,950)	<40,125 (40,525)	<85,525 (86,375)	<163,300 (164,925)	N/A	N/A	<207,350 (209,425)	<518,400 (523,600)	>518,400 (523,600)
MFJ	<19,750 (19,900)	<80,250 (81,050)	<171,050 (172,750)	<326,600 (329,850)	N/A	N/A	<414,700 (418,850)	>622,050 (628,300)	>622,050 (628,300)
Alt Min Tax	N/A	N/A	N/A	N/A	<197.9K (<199.9)	>197.9 K (>199.9)	N/A	N/A	N/A

Medicare Surtaxes on incomes > \$200K (S); \$250K (MFJ): Earned Income (0.9%) and/or Net Investment Income (3.8%)

Filing Status	1%	2%	4%	6%	7% AMT only	8%	9.3%	10.3%	11.3%	12.3%
Single	<8,932	<21,175	<33,421	<46,394	TBD	<58,634	<299,508	<359,407	<599,012	>599,012
MFJ	<17,864	<42,350	<66,842	<92,788	TBD	<117,268	<599,016	<718,814	<1,198,024	>1,198,024

PLUS: CA Mental Health Surtax of 1% on income >\$1 million (all filing statuses)

Capital Gains Rates CA: Capital Gains taxed at Ordinary Rates & NO Qlfd. Dividend

Taxable Income	STCG 1 year Taxed at ordinary rates	LTCG > 1 year & Qualified Dividends	§ 1250 Deprec. Recapture	Collectibles & § 1202 Sm Bus Stk
<40,000 (S) <80,000 (MFJ)	See above	0%	25%	28%
<441,450 (S) <496,600 (MFJ)	See above	15%	25%	28%
>441,450 (S) >496,600 (MFJ)	See above	20%	25%	28%

CG Rate applies to **Qualified Dividends** held >60 days during 120-day period beginning 60 days before ex-dividend date, incl. some preferred & foreign stocks; excluding REIT, S-Corp & Mutual Fund STCGs—Capital losses cannot offset dividends [PERMANENT] CA does not conform.

Exemptions & Deductions

Filing Status	Filing Requirements	Standard Deduction	Personal Exemption	AMT Exemption
Single max. state/local tax = \$10K int lmt'd on NEW mtgs <750K NO Misc or Unreimb Empl xpns	12,400 (12,550) CA: 18,496	12,400 (12,550) CA: 4,601	0 CA: 124	72,900 (73,600) CA: 74,780
Married Joint max. state/local tax = \$10K	24,800 (25,100) CA: 36,996	24,800 (25,100) CA: 9,202	0 CA: 248	113,400 (114,600) CA: 99,707
Senior or Blind (Single)	14,050 (14,250) CA: 24,692	1,650 (1,700)	N/A CA: 124	N/A
Senior or Blind (Married Joint)	26,100 (26,500) CA: 43,196	1,300 (1,400)	N/A CA: 124	N/A
Child (<age 19;24 if FT stdt) (Taxed at trust rates BUT repealed by SECURE for TY20 & TY18/19if elctd) OR may rpt on parents' 1040 if only int/div <11K Form 8814	2,200 (2,200) CA: 1,100	1,100 (1,100)	0	N/A

Federal (& State) Phase-out Ranges

Fil. Stat	Pers. Xmpn. & Item. Ded.	AMT Xmpn	§199A 20% deductn for Qlfd Bus Inc (QBI) Specfd Svc Trade/Biz gets NO ded >threhd	Child Cred 2,000 (1400 rfn'dbl OR 500 qlfd dep)	EIC 6,660 max 3,027 CA [Form 8867 chklst req'd]	IRA (deductible) [See contrbt'n limits @ page 2]	Saver's Cred 10-50% 2,000	ROTH [no limits on conversions; no rechrctzn to Trdntl after conversion]	Amer Opp 2,500 Under-Grad only	Lifetime Learning 2,000	Educ. Svgs 2000	Stdnt Loan 2,500	Tuit & Fees 2-4K (xp > 20)
S	N/A 203,341	518.4-810K 280,424	163.3-213.3K (164.9-214.9)	200K (200)	8,790 (0)- 50,954 (3)* *can use TY19 inc if grtr benft	65-75K (66-76)	19.5- 32.5K (19.75-33)	124-139K (125-140)	80-90K	59-69K (80-90)	95- 110K	70-85K (70-85)	65- 80K
MFJ	N/A 406,687	1.0368- 1.4904M 373,899	326.6-426.6K (329.8-429.8)	400K (400)	14,680 (0)- 56,844 (3)*	104-124K (105-125)	39-65K (39.5-66)	196-206K (198-208)	160- 180K	118-138K (160-180)	190- 220K	140-170K (140-170)	130- 160K

Estate/Trust Tax Rates

Taxable Income	Tax Rate
0 - 2,600 (2,650)	10 (10)
2,601 - 9,450 (9,550)	24 (24)
9,451 - 12,950 (13,050)	35 (35)
>12,951 (13,051)	37 (37)
AMT Exemption	\$25,400 (25,700)

CA Probate Fees

Estate Size	Fee (Atty & Exctr each earn)
\$0 - 100K	4%
\$100 - 200K	3%
\$200 - 800K	2%
\$800K - 9M	1%
\$9M - 15M	0.5%
>\$15M	Set by Court

Corporate Tax Rate

Taxable Inc	Tax Rate
0 - unlimited	21* *Flat tax effctv 1/1/18 [new rate profitable > \$90K]

C-Corp: 800 min fee* OR 8.84% of tax inc
S-Corp: 800 min fee OR 1.5% of tax inc
LLC: 900 fee + ann tax if total inc > \$250K
Corp. AMT: 6.65%
* 1st yr xmpn for LLC/LLP estblshd 2021-23

Taxable Equivalent Yields

CA: GNMA's & FNMA's are taxable

Tax Rate	2% Cpn	4% Cpn
10%	2.22	4.44
12%	2.27	4.55
22%	2.56	5.13
24%	2.63	5.26
32%	2.94	5.88
32%	3.08	6.15
37%	3.17	6.35

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Social Security & Payroll Tax for 2021

Type	Maximums
Social Security Tax	6.2% on \$142.8K
Medicare Tax	1.45% on ALL earnings + 0.9% if inc > 200K(S)/250K (MFJ)
Medicare B Premiums	Base = \$148.50/mo + surchrg
Medicare Prem Surchrg* [*appeal if life-chng event]	If '19 inc >88K (S), 176K (M), + \$59.40 – 356.40/mo [B] and 12.20 – 76.40/mo [D]
Income when SS taxable	18,969 if < full retirement age
CA Minimum Wage (per hour)	2021 20213 sm emplr/14 lg (\$15 in LA > 7/1/20)
CA Disability (SDI)	1.2% on 128,298 (mx 1,539.58)

Tax on SS Benefits* w/ Excess Income

* COLA incrs for 2021 = 1.3% CA: SS benefits not taxable

Filing Status	0% Taxed	50% Taxed	85% Taxed
Single	<25K	25-32K	>32K
Married Jt	>32K	32-44K	>44K

Retirement Account Limits

Type	Max. Contributions
IRA, incl spsl & ROTH	6,000; 7,000 if >50 (6000; 7000)
SEP, KEOGH, Def Contrib	57K (58)
SIMPLE	13.5K; 16.5K if >50 (13.5; 16.5)
401(k), 403(b) & 457	19.5K; 26K if >50 (19.5K; 26)
KEOGH/Def.Contrib.	57K (58)
Defined Benefit (comp. limit)	285K (290)

Penalties & Fees

Type	Maximums
No Health Insur Shr'd Rspnsblty (FED repealed > TY'18)	BUT @ CA begin TY'20... Grtr of \$750/adlt + 375/dpndt (max \$2,250) OR 2.5% of xcs hshld inc (1/12 mnthly)
Due Diligence	\$530 for HOH, EIC, AOTC & CTC
Xcs MSA W/drwl	20% CA: 12.5%
Early IRA W/drwl	10% (if age <59½) CA: 2.5%
Xcs Accumulation	50% (unless "reas. cause" ☐ Form 5329) NOTE: age incrd to 72 in 2020 CA conforms
IRA Rollover Wvr	\$10K [Rev Proc 2016-8: only 1 rolvr for all IRAs/fiscal yr]
Late Filing	5% /mo (max 25%; min \$435) [unless 1st time penlty wvr] CA: \$135
Late Payment	0.5% per mo. (max. 25%) [unless 1st time penlty wvr]
Underpayment Penalty Waiver	if <1K due or >110% pd if AGI >150K CA: if tax due > 500
EFT Failure	1% of amt that should've been e-paid
Rqst Installment Plan	\$225 (\$107 if using direct debit)
OIC Min Pymt	≥ 20% for lump-sum OR install (\$205 fee)
CA's CDTFA	10% of unpaid Use Tax
Worker Mis-classifctn	\$5K - \$15K/violtn if willful NOTE: CA presumes employee unless 3-factor test satisfd
Frivolous Return	\$5,000
FinCEN 114 (FBAR) ☐ 6 mos. auto xtn	\$12,921 BUT... if willful: 50% of highest balance + criminal
1099 & W-2 Reprting	\$270; \$550 if intentional disregard \$100/1099 or W-2
8971 Basis Reporting by Estate	Due 30 days after 706 ☐ failure to file penalties = \$50 – \$270 per 8971

2020 Standard Mileage Rates

Type	Cents/Mile
Business	57.5 (56)
Charity—all other	14 (14)
Medical	17 (16)
Moving (NO fed mvng xpns xcpt actv duty miltry)	17 (16)

Important Dates (all dates in 2021 unless specified)

Filing Dates (XTNs)	Estimated Taxes	Stat of Lmnts
1040: 4/15 (10/15) 1065: 3/15 (9/15; 10/15) 1120S: 3/15 (9/15) 1120: 4/15 (10/15) 1041: 4/15 (9/30; 10/15) 990: 5/15 (11/15) FBAR: 4/15 (10/15)	1: 4/15 (30%) 3: 9/15 (0%) 2: 6/15 (40%) 4: 1/17/22 (30%) ☐ Increase ES if Shared Resp. penalties anticipated Pay by 12/31 if itemize unless SALT or AMT MUST e-pay if ES >20K or tot tax >80K	3yrs Audit 10yrs Clctns 4yrs Audit 20yrs Clctns

Miscellaneous Exclusions and Limitations

Type	Amount
Qualifying Child (use to determine elig for credits)	Related, live-in > ½ yr, < ½ own support, < age 19 (<24 if FT stdt), <13 for Dep Care, <17 for Child Cred
Gift Tax Exclusion	15,000 (15,000); xcs taxed at 40% max \$11.58M (11.7) life xclsn; 157K (159) to non-citizen sps
Estate Tax Exclusion	\$11.58M (11.7M; revrts to 5M @ TY'26); max rate 40% xcs Spousal Excln portable (must file w/ 2yrs > DOD)
Expat Tax Exemption	737K (744K) "covered" if avg ann tax > 171K (172K)
Foreign Earned Inc	107,600 (108,700)—15,064 housing exclsn (15,218)
Tax Preference Items ☐ no med. adj	xcs deprec, state tax, pers xmptns, misc item ded, CGs, pass loss, NOL, ISO (pvt actvty iss'd 09/10 xmpt)
Nanny Tax (need EIN)	File if >2,200 (2300) wages/yr \$750/qtr (must e-file)
§179 Deductn	1.04 million (\$1.05 million) CA: 25,000
Educators	\$250 for classrm mtrls (incl PPE) CA does not conform
Per Diems www.gsa.gov	140-226 (138-221 >10/1/19) lodge; 60-71 (60-71) meal
Use of Pers. Residence	NO rental income reported if < 15 days rental
Home Office Deduction	Actl Xpns OR Safe Harbor (\$5/ft² to \$1500, not indxd)
Like-kind Xchgs §1031 ☐ file FTB 3840 annually	id rplcmnt prop @ 45 dy & buy @ 180 dy aftr sell old ltd to real ppty > TY'17 & hold 5yr for \$250K xclsn if cnvrted to 1°
§121 Exclsn on Sale of Second Home	Non-qlfd Amt = (# yrs used as 1° since 2008 ☐ Total yrs owned) x Realized Gain CA conforms
Mrtg Forgiveness Debt Relief (xp. 12/31/25)	1° res loans < \$1M (S), \$2M (MFJ) (\$375K/\$750K) File 1040X for retroactv elctn to TY'18
Nonbus Energy Crdt §25C (xp. 12/31/21)	10% on qlfd. efficiency improvements; lifetime limit \$500 (\$200 for windows) CA does not conform
Residential Energy Credit IRC §25D (solar/wind)	26% of cost if instll'd by 12/31/20; 22% ('21) BUT lost under AMT CA does not conform
Qlfd Plug-in Veh Crdt §30D (xp. 12/31/21)	2,500 – 7,500; check IRS website for eligible vehicles CA: Clean Vehicle Rebate up to \$7K
CA Renter's Credit	60 if AGI < 42,932 (S), 120 if AGI > 85,864 (MFJ)
CA Prpty Tax Postponemnt	Senior, <\$345K inc, 40% eqty (apply by 2/10/21)
Medical Expenses @ Schedule A (permanent)	Amts. > 7.5% of AGI; \$0 med marijuana CA: 7.5% of AGI
ACA Prem Credit Eligibility	12,760 + 4,480/prsn (max 400% FPL = 51,040/prsn)
LT Care Insur Premiums	430(450)<age 40; 5430(5640)>age 70; incl as SE Hlth Prem
Health Savings (HSA) – max. contribution	3,550 self/7,100 family (3,600/7,200) + \$1K catch-up Min Dedctble: 1,400 self/2,800 family (1,400/2,800) Max Out-of-Pocket: 6,900 s/13,800 f (7,000/14,000)
Archer Med Savings (MSA)	Min/Max Ded = 2,350/3,550 self; 4,750/7,100 family Max. Out-of-Pocket = 4,750 self; 8,650 family
Qlfd Char Dist	direct transfer from IRA if age >70½—max \$100K
Net Operating Loss 5-yr carry-back for NOLs in '18-'20 NO state carry-back > 2018	unltd carry-fwd [must carry-back unless elect to forego] Sched C loss >\$255/510K (259/518) is N/D, becomes NOL (effctv '21-'25) CA: starts with TYs '19 & '20 CA: NOLs suspended for TYs '20-'23 if inc > \$1 million

Handy Reference Numbers

Organization	Telephone Number	Website
Internal Revenue Service	Indiv-800/829-1040 Bus-800/829-4933 Advct-877/777-4778 e-Pay Corrections 888/353-4537 300 N Los Angeles St/6230 Van Nuys Blvd M-F 0830-1630	www.irs.gov ; Suspicious e-mails phishing@irs.gov ; Transcripts; Free File if inc < \$69K; Online pymts DirectPay ; Refund Status & Amended Return Status
Franchise Tax Board	Genl-800/852-5711 e-File/e-Pay Help-916/845-0353 Collections-800/689-4776 Advocate-800/883-5910	www.ftb.ca.gov Online Pymts FTBWebPay.gov Status Where's My Refund Acct Info MyFTB.gov
Social Security	800/7721213 SSN Verify-800/7726270	www.ssa.gov [Paper stmts sent ea 5yrs to non-web users]
Emplmnt Dev Dpt	888/745-3886 ID Theft-800/229-6297	www.edd.ca.gov
Tax & Fee Admin BOE ☐ CDTFA @ 7/1/17	800/400-7115 Advocate-888/324-2798	http://cdtfa.ca.gov/ 2020 rates—LA County: 9.50%; Orange: 7.75%; Ventura: 7.75%
LA Bus. Permit	844/663-4411	http://finance.lacity.org/
DMV	(Only VLF is ded) ID Theft-866/658-5758	DMV Fee Calculator
Identity Theft	FTC-877/438-4338 IRS-800/908-4490 FTB-916/845-7088 Mdicare 800/4478477 MdiCal 800/8226222 SSA 800/2690271 Eqfx-800/5256285 TrnsUn-800/6807289 Xprm-888/3973742	http://www.consumer.ftc.gov/ Form 14039 IRS Guide to Identity Theft Form 3552 FTB Fraud Referral
Foreign Accts	IRS-866/270-0733 or Intl-313/234-6146 BSA-866/346-9478	Mandatory e-File http://bsaeiling.fincen.treas.gov

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Personal Tax Organizer for 2020 Tax Year

→ ALL clients must complete shaded areas & sign on p. 2; other info may be entered here or in separate format (as you prefer) ←

Your Name _____
 Date of Birth _____ SS # _____
 Job Title _____ Self-employ'd Blind/Disabl'd
 Work # (_____) _____ Work Fax # (_____) _____
 Home # (_____) _____ Cell # (_____) _____
 e-Mail _____

Spouse's Name _____
 Date of Birth _____ SS # _____
 Job Title _____ Self-employ'd Blind/Disabl'd
 Work # (_____) _____ Work Fax # (_____) _____
 Home # (_____) _____ Cell # (_____) _____
 e-Mail _____

Home Address: _____ From _____ To _____
 Mailing Address (if different from Home) _____
 Landlord's Name, Address & Phone # (if you rent) _____

Marital Status: Single Married Dom. Partner (RDP) → Provide Marriage License or RDP Certificate Widowed → Spouse's DoD _____
 Separated Divorced Date of Divorce/Seprtn _____ Final? Y N → attach decree/sttlmnt agrmt
 Alimony (not Child Suppt) \$ _____ [rpt @ CA only for divorce after '17] Payee Spouse's Name & SSN _____
Filing Status: Single MFJ MFS HoH Qual. Widow(er) Claimed as a dependent on another person's return? Y N
Info re Qual. Person for HoH: Name _____ SSN _____ Relatnshp to Txpyr _____
 FT Student? Y N Perm/Total Disabl'd? Y N Gross Income \$ _____ # of days in txpyr's home _____

Name(s) of Dependent(s)	Birthdate	Soc. Sec. # (req'd)	Relationship	# of Mo.s in Home	Inc. > \$1K?	Source of Inc.

1. Wish to allow **Preparer** to discuss return w/ IRS? Y N
 2. Contribute \$3 to **Presidential Campaign Fund**? Y N
 3. Voluntary contributions to **CA's special funds**? Y N
 4. E-deposit **Tax Refund** to: Bank → Attach voided chk OR same as last yr
 Multiple Accts IRA Account Buy I-Bonds
 5. Any **out-of-state revenue source** Y N State(s) _____
 6. **Adoption Expenses** Y N \$ _____
 7. **Child Care:** Caretrk'r's Name _____
 Caretrk'r's Address _____ Phone _____
 Fed Tax ID #: _____ Amt Pd \$ _____
 Childcare benefit rec'd fr employer? Y N Amt \$ _____
 8. **Household Help:** Name & SSN _____
 Employee Cntrctr Form I-9 Y N Amt Pd \$ _____
 9. **Earn Inc Crdt:** Prvsly claim? Y N Prvsly disallw'd? Y N
 → Provide proof of child's residency, e.g. school records, landlord's or doctor's stmt
 10. **Resid. energy imprvmt** Y N **Plug-in Vehicle** Y N

11. **Rebates:** Turf Remvl Elec Car Dealr Rdctn → Provide 1099s
 12. **Educators (K - 12):** Amt of unreimbursed expenses \$ _____
 13. **College Exp:** Stdt Name _____ Tuition: \$ _____
 School _____ Yr @ Sch _____
 Purp of Study _____ Req'd by Emplr? Y N
 Emplr assist Y N Schol'shp Y N Amt \$ _____
 14. **Gifts:** Did you gift >\$15K (cash or other) to anyone? Y N
 15. **1099 Reporting:** Did you pay ≥\$600 to someone? Y N
 → Provide payee name, address, address, EIN & total amount paid
 16. **Sales/Use Tax:** Any out-of-state or internet purchases? Y N
 Amt. of purchases w/o sales tax paid \$ _____
 17. **ID Theft:** Did IRS send you a letter? Y N IP-PIN _____
 18. **Debt cancel'd** Y N **Barter Inc** Y N **Gig Econ** Y N
 19. **Cryptocurrency:** Receive, sell, exchange, acquire in '20? Y N
 20. **Foreign Earned Inc** Y N Distribtn fr **forgn trust** Y N
 Auth over **forgn acct** Y N **Forgn assets** owned Y N

COVID Stimulus Payments: Did you rcv check or DB card? Y N
 1st Stimulus \$ _____ 2nd Stimulus \$ _____ → Provide IRS Notice 1444

ACA Mktplace Health Insur: Did you rcv Premium Credits? Y N
 If YES, premium/mo \$ _____ Advnc Crdt Pymt/mo \$ _____ → Provide 1095-A

Retirement Plans → attach stmts for in/out transactions &/or Form 8915-E IRA Spousal IRA Roth SEP KEOGH TSA Company
 Amt Cntrb'd \$ _____ Date ____/____/____ Amt W/drwn \$ _____ Date ____/____/____ Amt Rolled Over \$ _____ ROTH Cnvrnsn \$ _____
 Qlfd Char Distrbtn (QCD)? Y N Qlfd Disaster Distrbtn? Y N Pay tax due over 3 yrs? Y N Amt of loan repaid \$ _____
 Age 70½ in '20 Y N RMD w/d in '20 Y N Pre-'87 IRA w/ diff CA basis Y N IRA value end '20: You \$ _____ Spouse _____

Income → Complete as applicable & attach all supporting documents
 Wages → attach W-2's Disability Inc Unemployt Comp State Tax Ref'd → attach 1099-G Soc. Sec. → attach SSA-1099 Pension → attach 1099-R
 Self-employment Inc. (Expenses on p. 2) Describe bus activity _____ Rental Income (Expenses on p. 2) \$ _____
 Sale of 1° Resid. → attach 1099-S Seller-fin mtg int \$ _____ Payor's Name, Address & SSN _____ Instlmt Sale Inc Y N
 Gamblg, Lottery, Jury Duty e-Bay or online sales Unreported Tips >\$20/mo. \$ _____ Other Inc \$ _____ Describe source _____
 Dividends Rcv'd Y N Interest Earned Y N Tax-Free Y N Securities &/or Ppty Sold Yes No → Provide cost basis info
 Wrthlss Securities Y N Collectibles sold Y N Inheritance rcv'd Y N Dscrptn, Amt & Date of Ppty rcv'd _____

DEDUCTIONS

→ Please use blank paper to provide addtl. info. or clarification. **NEW CLIENTS must attach last year's tax returns** ←

PERSONAL

(Federal only if total over \$ 12,400 if Single, \$ 24,800 if Married Filing Joint)

Medical Expenses (only if over 7.5% of AGI)

Prescription Medication \$ _____
 Doctors, Hospitals & Clinics \$ _____
 Glasses, Orthodontics, Hearing Aids \$ _____
 Medical Supplies \$ _____
 Weight Loss Treatment Y N (→ provide Rx & receipts)
 Travel/Transportation (# of miles)..... _____
 LT Care Insurance Premiums \$ _____
 Health Insur. Premiums (Self-employed? Y N). \$ _____
 COBRA Y N
 Insurance Reimbursements (if any) \$ _____
 HSA Y N (→ Forms 5498-SA & 1099-SA)
 Any inc/loss on investmnts in HSA account? Y N

Taxes

Real Estate Taxes \$ _____
 Auto Registration (VLF only → verify @ dmv.ca.gov) ... \$ _____
 Sales or Local Taxes \$ _____
 Foreign Income Taxes \$ _____

Interest Paid (→ Provide escrow stmts & Form 1098)

Mortgage Interest paid to bank..... \$ _____
 If paid to an individual, provide lender's name, address, SSN:

 Mortgage obtained or refinanced on/after 1/1/18 Y N
 Points Paid \$ _____ Term of Loan (# of yrs) _____
 Home eqty debt Y N Loan used for _____
 Investment Interest (Margin)..... \$ _____

Casualty Loss (Circle: Earthquake, Fire, Theft, Accident, Other)

Description of Property _____
 FEMA Code _____ Cost Basis of property \$ _____
 FMV of Property Before \$ _____ After \$ _____
 Insurance Reimbursement (if any)..... \$ _____

Charity (→ Attach supptg docs for ALL donations; even for \$300 above-the-line ded)

Cash..... \$ _____
 Non-Cash Donations (i.e. Goodwill, Auto)..... \$ _____
 Amount of QCD transferred \$ _____
 Charitable Miles..... \$ _____

Miscellaneous [most federal dedctns eliminated as per TCJA]

Gambling Losses (→ MUST provide gambling log/diary) ... \$ _____
 Repymt of previously taxed inc >\$3K \$ _____
 Estate taxes paid on IRD \$ _____

CA only:
 Fees: Tax Prep \$ _____ Invst Advsr \$ _____ Legal \$ _____
 Sfty Dep Box \$ _____ Subscrpts \$ _____ IRA fees \$ _____

Moving Expenses (only if >50 miles & for bus purp) [CA only]

Date _____ From _____ To _____
 Miles from OLD home→OLD wrk _____ →NEW wrk _____
 Shipping \$ _____ Trvl & Lodging (not meals) \$ _____
 Employer Reimb.? Y N Amount \$ _____

BUSINESS

→ Use separate sheet for each spouse or activity ←

Self-emplmt (S) Unreimb Employee (E) Rental Exp (R)

Rental Real Estate: # days rented _____ # days prsnl use _____

Advertising \$ _____
 Cleaning & Maintenance \$ _____
 Dues (union & association)..... \$ _____
 Education (tuition & books)..... \$ _____
 Fees Paid (legal & professional)..... \$ _____
 Insurance Premiums (business & liability)..... \$ _____
 Interest Expense on Business Loans..... \$ _____
 Licenses \$ _____
 Office Rent \$ _____
 Office Supplies \$ _____
 Postage & Freight..... \$ _____
 Publications & Subscriptions \$ _____
 Repairs..... \$ _____
 Supplies \$ _____
 Taxes Paid (business property) \$ _____
 Telephone \$ _____
 Travel & Lodging \$ _____
 Utilities \$ _____
 Other (please list _____) \$ _____

Equipment Purchases (→ Attach receipts & indicate if new or used)

Description of Item: _____
 Date of Purchase (required): _____
 Amount Paid..... \$ _____ New Used
 Description of Item: _____
 Date of Purchase (required): _____
 Amount Paid..... \$ _____ New Used

Automobile Expenses (if used for business or rental)

Year & Make of Car _____
 Year Placed into Service _____
 Miles: Bus _____ Commute _____ Personal _____ Total _____
 Actual Expenses (gas, insur., repairs) \$ _____
 Is a written contemporaneous log available? Y N

Business Meals (e.g., meals w/ clients or while traveling)

Meals \$ _____ Entertainment \$ _____ [CA only]
 Receipts Y N Bus Purp sbstnt'd Y N

Office in Home (used exclusively for business)

Total Ft² of Home _____ Ft² of Office Area _____
 Rent \$ _____ Util. \$ _____ Insur. \$ _____ Off. Rprs. \$ _____
 Value of Property (→ Attach Property Tax Bill) _____
 Photo Y N 2nd office Y N Safe Harbor Y N

Estimate of Gross Self-emplmnt Income in 2021 \$ _____

→ Client asserts, to the best of his/her knowledge, that the information provided herein is correct and includes all items of income and deductions for which supporting documentation is available, even if not specifically requested.

Client Signature: _____ Date: _____

ES Taxes Paid	Date	Fed. Amt.	State Amt.
'19 Refund applied to '20 Tax			
4 th Qtr '19 paid to State in Jan '20			
1 st Quarter '20			
2 nd Quarter '20			
3 rd Quarter '20			
4 th Quarter '20			

* Verify ES pymts w/ IRS (800) 829-1040 & FTB (800) 852-5711 or online *

DOCUMENTS NEEDED FOR TAX PREPARATION

Event or Issue	Information Required
Bankruptcy	<ul style="list-style-type: none"> • Date filed • Court documents
Birth or Adoption	<ul style="list-style-type: none"> • Social Security card • Copy of adoption papers; date of adoption • Adoption expenses & dates incurred • Special needs certification
Charitable Contributions	<ul style="list-style-type: none"> • Date, amount & type • Letters of Acknowledgment from donee organization for gifts in excess of \$250 • Statement whether goods/services received in exchange • Total miles driven for charitable purposes (mileage log) • Statement from IRA if Qualified Charitable Distribution taken
Child Care	<ul style="list-style-type: none"> • Name, address, phone number and taxpayer ID of caregiver; amount paid
Death of Spouse or dependent	<ul style="list-style-type: none"> • Date of death • Copy of will or trust
Debt Forgiveness	<ul style="list-style-type: none"> • Form 1099-A if property abandoned • Form 1099-C for cancelation of debt • Date of foreclosure or short sale
Education	<ul style="list-style-type: none"> • Form 1098-T; financial transcript from school • Record of actual expenses incurred for tuition, fees, books & supplies • Form 1098-E reporting student loan interest
Exchange Transactions	<ul style="list-style-type: none"> • Dates of transfer (old & new) & replacement property identification • Description of properties exchanged (incl. basis & FMV) • Qualified intermediary sale agreement •
Foreign Assets	<ul style="list-style-type: none"> • Any foreign bank accounts or other assets? • Did the aggregate value of all accounts exceed \$10K at any time during year? • Did aggregate value of all financial assets exceed \$50K on last day of year or \$75K any time during year?
Home Refinance	<ul style="list-style-type: none"> • Form 1098 • Closing escrow statement • Detail of amount borrowed, term, & use of loan proceeds
IRS or State Communications	<ul style="list-style-type: none"> • Copies of all letters, assessments & notices received • Status of installments agreements
Job-related Expenses	<ul style="list-style-type: none"> • Detail of meals, lodging & miscellaneous expenses (account book, diary, log, receipts) • Details of employer reimbursements under (non)accountable plan • Verification that expenses are ordinary/necessary, directly related or associated with business • Home Office – verification that it is used regularly/exclusively & for the convenience of the employer • Total miles driven for business purposes (mileage log)

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Legal Settlement	<ul style="list-style-type: none"> • Purpose, date received • 1099-MISC
Married, divorced or separated	<ul style="list-style-type: none"> • Marriage – prior year's returns of both spouses • Divorce – copy of divorce decree; finalized date • Separation – copy of Separate Maintenance Agreement • Community Property – allocation of income & assets
Medical Expenses	<ul style="list-style-type: none"> • Health & LT Care insurance premiums (verification of coverage required in 2014 & beyond) • Itemized expenses, incl. prescriptions, co-payments & deductibles • Amount of insurance reimbursements • Name, address, phone number and taxpayer ID of caregiver • Total miles driven for medical purposes
New Job	<ul style="list-style-type: none"> • Name of new employer; new hire date • W-2s from old & new employers
Prizes, Lottery & Gambling Winnings	<ul style="list-style-type: none"> • Forms 1099-MISC or W-2G • Substantiated losses
Purchase of stocks, bonds & other assets	<ul style="list-style-type: none"> • Stocks & Bonds – trade confirmations • Residence – closing seller's escrow statement
Rental Property	<ul style="list-style-type: none"> • Purchase or Sales information [see above] • Income & expenses • Improvements – dates & cost of items placed in service during tax year; prior depreciation schedule
Retirement Account Transactions	<ul style="list-style-type: none"> • Contribution – type of plan; amount contributed • Distribution – Form 1099-R
Sale of stocks, bonds & other investments	<ul style="list-style-type: none"> • Form 1099-B • Cost basis information • Residence – closing buyer's escrow statement • Homebuyer Credit – information regarding recapture for 2008 - 2010
Small Business	<ul style="list-style-type: none"> • Dates of formation and/or termination • Partnership or LLC Agreement, Certificate of Incorporation, Corporate Charter (as applicable) • Property contributions & distributions • Schedules K-1
Social Security Benefits	<ul style="list-style-type: none"> • Form 1099-SSA
Taxes	<ul style="list-style-type: none"> • Prior-year state tax return • Property tax bills • Closing escrow statements • DMV registration invoice • Letters from tax authority regarding post-filing adjustments
Unemployment	<ul style="list-style-type: none"> • Form 1099-G

Monica Haven, E.A., J.D., L.L.M.

ENGAGEMENT AGREEMENT FOR TY 2020

Acceptance by Client constitutes mutual understanding and agreement with all terms & engagement of Monica Haven (EA)

→ Work will not begin without signed Agreement on file – please initial on Page 1 & sign on Page 2 ←

Client Name(s): _____

Fee Estimate: _____
Date: _____

Client Responsibilities

Supporting Data

Client states that Client has the necessary documents and records to support the deductions claimed on the tax return and will provide all requested information in a timely manner. Client may use Personal Tax Organizer™ (or other format) to provide all information requested and answer all questions asked in a clear and legible format. Client is advised that the law imposes a penalty for substantial understatement of the tax liability and that tax authorities regularly question whether any cash or bartering transactions have transpired. Close scrutiny of expenditures, including but not limited to travel and entertainment expenses, business use of vehicle and cell phones, as well as charitable donations is common. EA must provide full disclosure to tax authorities should estimates or reconstructed data be entered on the return.

Foreign (& Cryptocurrency) Activities

Client is hereby advised that Client is responsible for reporting all foreign activities. By signing this Agreement, Client acknowledges Client's obligation to inform EA if Client has income from foreign sources, has signatory authority over foreign accounts, owns foreign financial assets, invests in foreign retirement plans or has made transactions in virtual currencies. NOTE: Penalty for failure to comply can be punitive.

Appointments

Due to the COVID pandemic, EA is currently not offering in-person appointments or on-site drop-offs. Tax data will be accepted by mail, fax or [secure upload](#) only. To complete the tax preparation process, Client must return signed Acceptance Agreement and pay any outstanding tax prep fees. EA will *then* provide all requisite e-file authorization forms which Client must sign and return so that EA can file on Client's behalf.

Timeliness

Client agrees to timely deliver requisite tax data and supporting documentation and will not hold EA responsible for delays due to Client's lack of cooperation during the tax preparation process. A surcharge of 5% may be assessed if Client provides data to EA more than 10 days after EA's initial request. EA may terminate contract without further notice if Client fails to provide requested data. NOTE: EA will give priority of service to clients who have timely provided data and otherwise cooperated with the tax preparation process.

Extensions (all dates 2021)

The filing deadline for individual returns is April 15th [entities may be subject to other deadlines]. If EA has not received Client's personal income tax data in full by *March 15th*, an extension request will be automatically e-filed by EA and Client will be assessed a \$50 processing fee unless Client has timely notified EA that an extension is neither needed nor wanted [entity data must be submitted 30 days prior to applicable filing deadline]. EA will not provide ongoing reminders of filing deadlines or requests for information. NOTE: Since an extension merely extends the time for filing (not payment), penalties and interest for late payment may accrue for which the Client will be wholly responsible. Client must sign Form 8878 to authorize electronic funds withdrawal for any federal balance due [states may require separate forms].

Additional Forms & Taxes

Client understands that Client may be subject to additional tax filing requirements, including but not limited to prior-year and amended returns, payroll tax, 1099 reporting, business tax, sales and use tax, as well as foreign account and tax reporting. If asked, EA will assist with the requisite forms, but Client remains responsible for establishing and meeting all of his reporting and payment obligations.

Courtesy Notification

Client is under no obligation to engage EA from year to year. Nevertheless, EA hereby informs Client that Client may have annual tax filing obligations and must notify EA should Client wish to discontinue services or hire another practitioner.

Client Review

Client is wholly responsible for the accuracy of the return and will—after careful review—sign and deliver the completed return(s) to the proper taxing authorities or authorize EA to file electronically. NOTE: Client is responsible for all penalties and interest.

Tax Notices

Client agrees to *promptly* notify and forward copies of any communications received from tax authorities to EA for review and advice. Client should keep all originals (including envelopes). If Client wishes to be represented by EA, additional forms, fees and expenses should be anticipated [see Representation Agreement]. In lieu of signing Form 743, Client hereby authorizes EA to have view-only access to all information available on FTB's website that is associated with Client's taxpayer ID (authorization remains in effect until revoked in writing).

Communications

The primary method of information exchange between Client and EA will be electronic. Client must regularly update e-address with EA. Communications sent to Client's last-known e-address are deemed to have been delivered, whether or not Client acknowledges receipt. However, to ensure effective communications, Client is asked to respond to each e-mail; if only to say, "Got it!" or "Thank you."

Payment Terms

When data is submitted to EA, Client will prepay one-half of the applicable tax preparation fee (*minimum prepayment shall be \$425 in all cases*). The *balance is due upon delivery* – whether physical or virtual – of the completed return; whether or not Client chooses to file the return as prepared. Payment may be made via cash, check or PayPal™. Client will *forfeit all discounts* which may have been previously applied if balance is not paid in full within 10 days and a penalty will be assessed monthly based on an APR of 6% of the outstanding balance (*minimum penalty \$25*). No additional services will be provided by EA until the account has been brought current. Prepaid deposits are deemed non-refundable once the preparation process has begun. EA may take legal action to collect any outstanding fees and all costs incurred during the collection process will be added to Client's bill; additionally, Client's confidential tax information may be shared with third parties during the collection process. Bank fees for checks returned for non-payment will be billed to Client (*minimum fee \$40*). Client will pay a \$50 penalty for any appointment missed and not canceled with timely notification.

Document Retention

EA's final work product will be retained for five years; thereafter, all documents will be destroyed by EA without further notice to Client. Physical deterioration or catastrophic events may shorten this term. Client understands and agrees that in the event a file is destroyed, EA will no longer have any records and will not have any responsibility to reconstruct the file. Client will assume all costs of shipping and storage should Client *timely* notify EA that the file should be forwarded to Client prior to destruction. EA does not retain any original documents as they are returned to Client at the completion of the tax preparation process. It is Client's responsibility to keep these materials for future use (e.g., possible examination by the tax authorities). A duplicate paper or electronic copy of a return prepared by EA is available for \$50. Client may request the retrieval of physical files or data older than the prior tax year for a fee of \$150.

Please initial Page 1 to acknowledge Client Responsibilities:

Client: _____

Spouse (RDP): _____

Monica Haven, E.A., J.D., L.L.M.

Mission

Returns will be prepared based on information provided by Client. EA will not audit nor verify the data and may request additional material or clarification. EA will make every attempt to properly apply the law and legally minimize Client's tax liability. EA will exercise professional judgment and will, whenever possible and justifiable, attempt to resolve any issues involving the Code in favor of Client.

Practice Standards

EA may not sign a return as a paid preparer if EA determines that the return contains a position that does not have a realistic possibility of being sustained on its merits unless the position is not frivolous and is adequately disclosed to the IRS as per IRC §6662. EA must inform Client of penalties likely to apply regarding the position advised, prepared, or reported and must advise Client of any opportunity to avoid such penalty by making adequate disclosure. EA may rely in good faith (without verification) upon all information furnished by Client; however, EA must make reasonable inquiries if the information appears to be incorrect, inconsistent, or incomplete.

Confidentiality

Client is hereby given notice that all communications throughout the tax preparation process with EA are confidential, but *not privileged* and may be disclosed if a summons is issued. The working papers for this engagement are the property of EA and constitute confidential information. Any requests for access to these materials will be discussed with Client before making them available to other parties. Limited privilege may be available during the representation process under IRC §7525. Client may advise EA to assert this privilege in non-criminal tax matters involving the Internal Revenue Service or federal district courts. Client, however, should be aware that disclosure of information considered during the tax preparation process is not covered under privilege—only tax advice communications are covered. Client hereby agrees to reimburse EA for all costs, including legal fees, required to defend the privilege asserted or respond to a subpoena. *Client should immediately engage legal counsel if Client has any concerns regarding possible criminal matters.*

Privacy

EA does not disclose nonpublic personal information about current or former clients to anyone unless instructed to do so in writing by Client [see Disclosure Authorization]. EA will not perform a conflict check; Client remains solely responsible for identifying and disclosing actual or potential conflicts of interest to EA. If a joint return is filed, EA may provide returns and copies of supporting documentation to either spouse without consent from or notification to the other spouse [see Spousal Conflict Waiver]. EA restricts access to nonpublic personal information to those professionals who may assist in the preparation process or provide adjunct services. EA has instituted all reasonable measures, including physical, electronic, and procedural safeguards to protect Client's nonpublic personal information. Client assumes the risk of loss of confidentiality and/or tax documents during unencoded electronic transmission or mailing via USPS and third-party delivery services.

Duties

EA will provide Client with a signed copy of the completed return. Client should retain this and all related materials safely for a minimum of five (5) years. EA will be *available year-round* to address any Client concerns and to provide tax-planning advice for an additional fee and only with Client's written consent, although EA will not be responsible for implementation of suggestions made [see TIGTA Consent Form].

Limitations

EA's services are not intended to determine whether Client has filing requirements in taxing jurisdictions other than the one(s) Client has mentioned to EA; Client may purchase a nexus study under separate agreement for an additional fee. EA will not advise Client regarding the classification of workers as employees or independent contractors and urges Client to obtain competent legal advice regarding employment practice matters. EA has no duty to detect fraud or uncover Client's fraudulent activity. EA will not be responsible for mis-deliveries by the USPS or other private carriers. Client will be provided with tracking information and may personally make arrangements and cover the costs of re-delivery or replacement of lost tax returns. EA may terminate engagement for Client's lack of cooperation with the preparation process, for lack of payment or for other reasons with written notice to Client at any time. Client agrees to indemnify and hold EA harmless from all claims, including third party claims and other liabilities, costs and expenses incurred by reason of any action taken or omitted by using good faith arising out of this engagement, except for matters judicially determined to be caused by EA's gross negligence or bad faith.

Duration of Engagement

Engagement will begin once Client has signed Agreement; however, in the event that Client does not return signed Agreement to EA but nonetheless verbally agrees (or otherwise indicates by such actions as submitting the tax organizer, providing tax data, or filing the prepared returns) that EA shall prepare returns on Client's behalf, all terms and conditions of this Agreement shall apply. Client's signature on federal and/or state e-file authorization form(s) shall be deemed acceptance by Client of all terms in Engagement Agreement. Engagement of EA's services will be deemed satisfied upon delivery of completed returns to Client who is solely responsible for filing all tax returns with the appropriate tax authorities. Additional services such as tax planning, communications with tax authorities, preparing prior-year unfiled returns, and many others may be provided under separate agreement between Client and EA.

Dispute Resolution

Any dispute arising under this Agreement or relating to EA's services, including but not limited to disputes regarding fees, the scope of the engagement or professional malpractice, will be first submitted for non-binding mediation or alternative dispute resolution before litigation is filed. Litigation, if undertaken, shall be conducted in the County of Los Angeles, California according to California state law.

Cost of Service

Fees for tax preparation will be based on the complexity of the return, expertise required, and time expended by EA and will increase annually to remain commensurate with the skill, knowledge, expertise and continuing education required by regulatory authorities. Extraordinary expenses and additional services, incl. but not limited to tax file organization, data compilation, cost basis calculations, research, replacement of lost returns, postage (\$30 min. fee for UPS delivery), correspondence with taxing authorities, bookkeeping, tax consultation and audit representation, will be billed on an hourly basis (\$250/hour). Client may pay by cash, check or PayPal™. Client's returns will not be e-filed until EA's fees have been paid in full or alternate payment arrangements have been agreed upon. For an additional fee, Client may purchase a *Service Contract*, entitling Client to free year-round tax consultation in lieu of an hourly fee, at a cost of \$165/calendar year if paid at time of return preparation or \$225 if paid later. Client may—when appropriate—be automatically invoiced for Service Contract at EA's discretion. Client agrees to review all invoices upon receipt; absent any objection within 30 days, the invoice will be deemed correct, due and payable.

Discounts (all dates 2021)

Client, if eligible, may enjoy one of the following 15% discounts: Student, Senior, Out-Patient, or Multi-Return. Client may also be eligible for an additional Early-Bird Discount (10%) if COMPLETED data is delivered to EA by *February 15th*; whereas a surcharge of 5% will be assessed for data delivered after *March 15th* if filing April 15th or *September 13th*, if filing October 15th [entity data must be submitted 30 days prior to applicable filing deadline]. All discounts will be voided if Client has not paid EA's invoice in full within 10 days after initial billing.

Please sign & date Page 2 to confirm acceptance of this Agreement in its entirety [If married, both spouses *must* sign]:

Client Signature: _____	Print Name: _____	Date: _____
Spouse's (RDP's) Signature: _____	Print Name: _____	Date: _____

TAXPAYER CONSENT TO USE TAX RETURN INFORMATION

Federal law requires that this consent form be provided to you (Client). Unless authorized by law, Monica Haven, E.A. (EA) cannot disclose Client’s tax return information to third parties for purposes other than the preparation and filing of Client’s tax return without Client’s consent. If Client consents to the disclosure of tax return information, federal law may not protect Client’s tax return information from further use or distribution.

Client is not required to sign this form to engage EA’s tax return preparation services. Because EA’s ability to disclose Client’s tax return information to another tax return preparer affects the tax return preparation service(s) and the associated cost(s) that EA provides, EA may decline to provide Client with tax return preparation services or change the terms (including the cost) of the tax return preparation services that EA provides if Client does not sign this form. If Client agrees to the disclosure of tax return information, Client’s consent is valid for the amount of time that Client specifies. If Client does not specify the duration of the consent, the consent is valid for one year from the date of signature.

This consent to disclose may result in Client’s tax return information - including Client’s Social Security Number (SSN) – to be disclosed to a tax return preparer located outside the United States (US). Both the tax return preparer in the US who will disclose Client’s SSN and the tax return preparer located outside the US who will receive Client’s SSN maintain adequate data protection safeguards as required under IRC § 7216 to protect Client’s privacy and prevent unauthorized access to information. However, if Client consents to the disclosure of information, federal agencies may not be able to enforce US privacy laws against a tax return preparer located outside the US.

By signing below, Client also consents to use of any and all tax information contained in the Client’s federal tax income tax returns and all supporting schedules for purposes other than mere preparation of the Client’s tax return. Client agrees to allow EA to disclose Client’s tax return information (including SSN) to another tax return preparer for purposes of providing assistance in the tax preparation process. Client further consents and agrees to allow EA to communicate information and recommendations to Client via e-mail, fax, mail, phone, and in-person. Such communications may include, but are not limited to:

- **Newsletters, web-blasts, articles, seminar announcements and promotional materials** published by EA.
- **Tax Advice** relating to events in Client’s life such as college, marriage, divorce, business start-up, and retirement.
- **Tax Planning** including forecasting potential tax obligations and computing estimated tax payments.
- **Retirement Tax Planning** including Social Security benefits and distributions from retirement accounts.
- **Investment and Asset Advice** related to the considerations of buying, selling, and exchanging property including stocks, bonds, and real estate.
- **Other Tax and Financial Advice.**

If Client believes that tax return information has been disclosed or used improperly in a manner unauthorized by law or without Client’s permission, Client may contact the Treasury Inspector General for Tax Administration (TIGTA) by telephone at (800) 366-4484 or e-mail at complaints@tigta.treas.gov.

Duration of this consent: _____ (One year from date of signature if left blank)	Date: _____
Client Signature: _____	Print Name: _____
Spouse’s Signature: _____ [If married, both spouses <i>must</i> sign]	Print Name: _____

Monica Haven, E.A., J.D., L.L.M.

OFFICE POLICIES & PROCEDURES

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Request for Tax Data. While I have always insisted upon honesty and forthrightness, as well as accurate recordkeeping, I also ask that my requests for additional information and supporting documentation be met without delay and complaint. I am not trying to inconvenience you; instead, I am hoping to ensure that your return is prepared as correctly as possible. If requested materials are not provided, I will not claim the deduction on your return and if materials are not provided in a usable format, a surcharge may be assessed. However, a good excuse is always welcome, if only to offer a laugh: One client explained, “Due to a crazy intervention shoot where we were chasing a heroin addict around Pittsburgh, I wasn’t able to get that FedEx to you.” Please remember that my intent is to minimize the risk that your returns will audited but if they are examined, I want to improve the chances that all items reported will withstand scrutiny – I call that pre-audit protection.

Data Submission. I ask that you submit your data to me in a security-conscious manner. If you wish to use a secure server, you may head for the [Contact](#) page to access a link that allows for easy upload and encrypted transmission. If you would rather use e-mail to send documents and information, please be sure to password-protect your PDF attachments but don’t do as my client who diligently attached a protected document to the *same* e-mail in which he provided the password to open the attachment! Of course, mail and fax work as well. **Due to the COVID pandemic, in-person appointments and office drop-offs will not be accepted.** NOTE: For your protection, I will transmit all sensitive information to you via a secure HTTPS server that stores files with high-grade encryption. You will receive an e-mail message providing you with a unique link from which you may retrieve the file that I have uploaded for you. On occasion, I may instead send you a password-protected PDF. For added security during electronic transmission, I will redact critical information such as taxpayer ID and bank routing numbers. If this is not satisfactory or you are unable to open and download an electronic item, you will have to make arrangements for physical delivery.

Rates. Due to ever-greater regulatory demands, additional diligence mandated by IRC §6694, increased recordkeeping requirements, lack of state conformity, AMT complexities, and rising overhead costs, my fees will increase incrementally each year. In some instances, clients may also be subject to a fee bump to help bring my fees in line with competitors of equal experience and expertise. Please note that I do not compete with those who offer low-cost returns; indeed, I am often called upon to “fix” the work prepared by such bargain practitioners. Incidental charges for UPS delivery and expedited servicing will be assessed. I continue to offer introductory discounts to new clients, as well as senior, student, and preferred customer rates to existing clients and a *15% out-patient discount* to clients who complete the tax preparation process by mail or e-mail. *Free estimates* are always available.

The tortoise and the hare... To discourage procrastination, I offer a 10% discount in addition to all other applicable discounts if I have received your tax data in FULL by *February 15th*. But if data that would otherwise be available is delivered to me after *March 15th* you may be subject to a 5% surcharge. [All dates are in 2021.] A further surcharge may be assessed if data is provided to me more than 10 days after my initial request. NOTE: I will give priority of service to clients who have timely provided data and otherwise cooperated with the tax preparation process.

Delivery. I will make every effort to have your completed tax packet delivered to you expeditiously as I did when I attempted to flag down a UPS delivery truck stopped at a light. I hastily parked, grabbed my packets, ran across several lanes of traffic, and asked the driver if he would take my shipments. He apologetically declined and explained that he would lose his job if he took the packets while standing in traffic. I understood, thanked him, ran off and decided to grab a bite to eat at the nearby fast-food joint. While ordering, the UPS driver came up behind me and said, “Now I can take those packets.” I was floored; it seems he had parked and specifically come looking for me! But because I cannot always rely on the diligence and dedication of others, I cannot be held responsible for delays or mis-deliveries by the USPS or other private carriers. Upon request, I will provide you with tracking information so that you may make arrangements and cover the costs of re-delivery or replacement of lost tax returns. NOTE: You assume the risk of loss of confidentiality and/or tax documents during unencoded electronic transmission or mailing via USPS and third-party delivery services.

Fees for Services. I shall collect ½ of my fees when gathering your tax data and the balance upon delivery of the completed return – the minimum ore-payment in all cases shall be \$425 in all cases. Payments for my services are due in full upon completion of the work, whether or not you file the return as prepared. You may be asked to submit your payment via cashier’s check within 10 days prior to the applicable filing deadline or if your invoice for tax preparation fees remains unpaid for more than 10 days. I ask that you make my invoice your first priority. I will gladly work out a payment plan for anyone with a cash-flow problem, but those who do not pay or communicate with me, should expect to forfeit any previously applied discounts, and pay a penalty based on an annual rate of 6% of the outstanding balance plus applicable collection fees. No additional services will be provided until the amount due is paid in full. Note that your confidential data may be given to 3rd parties in the event that I am forced to engage a collection agent for non-payment of my fees.

Payments. All payments may be made via cash, check or online by accessing the Payments page on my website (www.mhaven.net) which links to PayPal™. Simply click the “Payment” button at the very top, right-hand corner of any page on the website to make an advance payment, purchase my Service Contract, or pay your balance due.

Service Contract. The Service Contract—\$165 if bought at the time of tax preparation or \$225 if purchased later—entitles purchasers to unlimited hours of free consultation in lieu of my customary hourly rate (\$250) on such topics as withholding allowances, estimated tax computations, job changes, out-of-state moves, new home purchases, refinancing, divorce and adoption, college savings, retirement plans, business start-up, amongst many other issues.

Automatic Extensions. Tax data and documentation must be submitted to me in a timely manner. If requested information remains outstanding on or after *March 15th*, I will automatically file for a 6-month extension on your behalf without further notice to you—the extended deadline for individual returns will then be *October 15th* but you should note that extensions *merely extend the time for filing, not payment*—interest and penalties, if applicable, will continue to accrue and be charged by the tax authorities. If you wish to pay any balance due via electronic funds withdrawal with the extension request, you must sign and submit Form 8878 to me; other forms may be required to authorize state tax authorities to automatically withdraw funds. A charge of \$50 will be added to your invoice for processing the extension on your behalf. I ask that you contact me in a timely manner if you do not want me to file an extension and ask that you do your utmost to complete the tax preparation process efficiently and expeditiously. If I have not received your completed tax data by *September 13th*, a 5% surcharge will be assessed in addition to all applicable fees. S-Corp and partnership returns are due *March 15th*. Therefore, the submission deadline for complete business tax data is *February 15th*. Anticipated turn-around time for most returns once I have received all data is generally 14 – 21 days but may be longer later in the season. NOTE: While California extensions are deemed to be automatic, taxpayers seeking to avail themselves of certain elections *must* file a federal extension to ensure that a valid extension is on record. [All dates are in 2021.]

Monica Haven. E.A.. J.D.. L.L.M.

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Courtesy. I ask that we treat each other civilly and professionally. I am not responsible for the contents or consequences of the Tax Code. I will help you comply with the law, report your income and expenses most favorably, and reduce your tax liability as much as legally allowable. If you are still dissatisfied, please complain to your congressman since I do not deserve your misdirected anger. I understand that everyone suffers periods of anxiety and distress, but it is (unlike one client irrationally presumed) not my job to assume your stress. I reserve the right to refuse service to those who treat me with disrespect. And as the son of a client recently replied on a homework assignment, "For a day to be my best ever, it would need to be filled with gratitude to those who have made a difference to me, no matter how insignificant." Taking a cue from Brandon, I hereby wish to say thanks to my clients, to my friends, and to you!

Timeliness. I expect you to devote yourself to all tasks required to complete the tax preparation process in a timely fashion and that you make government-mandated deadlines your priority. I take these deadlines seriously and always do my utmost to help you to comply with your obligations, even if that means foregoing personal obligations and sleep. You can imagine my reaction to an e-mail from a client with misplaced priorities when near midnight on the filing date she wrote, "What a long day! After work, we went to the Dodger game." (No mention was made of the e-file authorization form I was waiting for.)

Patience. As much as I wish I could treat you as though you were my only client, (un)fortunately you are not. Please bear with me as this gracious client did: "My life is quite complicated and I'll need your help on several fronts. My employer is bankrupt, so I'll soon be out of work and without health insurance. Dad has dementia. Mom is moving into a senior facility. Then there's the homicide investigation (a patient) and the pedophilia trial (a close friend). It's all fascinating stuff, really, but... all of it can wait."

Individualized Advice. Every taxpayer's situation is unique and not always comparable to that of friends and relatives. Therefore, you should not assume that the advice of others, however sound or well-intentioned, will necessarily apply to you. I invite you to discuss your case with me individually. My office hours are Monday to Friday, 9AM – 5PM. Please note that in a recent Tax Court decision, a taxpayer was held liable for ignoring his long-term tax preparer's advice and seeking more favorable advice elsewhere (*Wadsworth, TC Memo 2008-171*). With a Masters in Tax Law, I am recognized nationally for my expertise and asked each year to teach fellow tax professionals. I don't know everything, but I know a lot and will always give you the best advice that I can. One prospect who chose not to engage my services bragged that it was easy to create his own tax preparation program each year because "the laws don't change that much each year". He's wrong – the laws do change, and I work hard to stay abreast so that you may pay the least amount of tax legally possible.

Practice Standards. As a paid preparer, I cannot sign your return if I determine that the return contains a position that does not have a realistic possibility of being sustained on its merits, unless the position is not frivolous and is adequately disclosed to the tax authority as per IRC §6662. I will inform you of the penalties which will likely apply with respect to the position advised, prepared, or reported and will advise you of any opportunity to avoid such penalty by making adequate disclosure. I may rely in good faith and without verification upon all information furnished by you; however, I must make reasonable inquiries if the information appears to be incorrect, inconsistent, or incomplete.

Tax Notices. I ask that you promptly forward any communications received from the tax authorities to me by mail or fax so that I may maintain a complete file on your behalf and offer proper advice as quickly as possible. Please make sure to keep the original documents for your own files. No advice will be provided without seeing the letter in question: Last year, a client called to tell me that he had received a letter from the IRS. When I asked what it said, he told me that he had not opened it and instead suggested I should just tell him what it said. How could I?! Please note that the IRS *never* sends correspondence by e-mail; you may be sure that any such communication is a scam and should forward all suspicious e-mails to phishing@irs.gov.

Communications. My primary method of information exchange with you will be electronic. Therefore, you must regularly update your e-address with me. Communications sent to your last-known e-address are deemed to have been delivered, whether or not you acknowledge receipt. However, to ensure effective communications, I ask that you respond to each e-mail; if only to say, "Got it!" or "Thank you."

Privacy. The Gramm-Leach-Bliley Act prohibits disclosure of nonpublic personal information about current or former clients to anyone, unless specifically authorized by the client in writing. As a result, no disclosures will be given to mortgage brokers and other lenders who, by law, must perform their own due diligence; nor will information be disclosed to third parties (e.g., attorneys, brokers, financial planners, insurance agents, etc.) without your *written* approval [see Disclosure Authorization]. Access to this information is restricted to those professionals who may assist me in the preparation of your return or provide tax advisory and bookkeeping services. I maintain stringent physical, electronic, and procedural safeguards to protect your records but cannot ensure against loss of confidentiality and/or tax documents during electronic transmission or mailing.

Confidentiality. Communications during the tax preparation process are confidential, (*not privileged*) and may be disclosed if a summons is issued. Limited privilege is available during the representation process under IRC §7525—you may ask that I assert the privilege in non-criminal tax matters involving the IRS or federal district courts but must reimburse me for ensuing costs, as well as costs for mandated responses to a legal subpoena. *If you are concerned about criminal matters, please engage legal counsel immediately.*

Document Retention. My final work product will be retained for five years; thereafter, all documents will be destroyed without further notice. Physical deterioration or catastrophic events may shorten this term. I do not retain any original documents as they are returned to you at the completion of the tax preparation process. It is your responsibility to keep these materials for future use, including possible examination by the tax authorities. You may request duplicate hard or electronic copies of any return I have prepared for a \$50 fee, and the retrieval of physical files or data older than one year for a fee of \$150.

Referrals. I offer many services in addition to tax preparation and consulting, including retirement and estate planning; §529 plan consultations; trustee and executor services; small business consulting and payroll services; client seminars for social, charitable, or business groups; and fluency in German. All of your referrals are always welcome and *much* appreciated; not just those who are "charming and personable" as judged by the client who apologized for sending someone with a "lackluster countenance and ungainly appearance."

Humor. Your creativity and humor are appreciated, but you can understand my concern when one client told me that he "just made up the numbers." I will continue to err on the side of caution and provide you with sound advice. However, I will neither engage in "creative" reporting (as did the taxpayer who claimed his dog as a landscaping subcontractor), nor allow you to claim unsubstantiated expenditures (such as toilet paper for your home office). And unlike one of my competitors who shares an office with his wife (a psychic) leaving me to wonder who's preparing the returns, I promise you that I work alone (and stick to hard facts)!

My Pledge. I offer personalized service and professional expertise, supported by an extensive tax library, a network of experienced contacts, and countless hours of continuing education. If you leave detailed messages by voice- or e-mail, I will get back to you promptly. Occasionally technology fails and so I ask that you follow-up with another message if you do not hear from me within 24 hours. Conversely, I ask that you acknowledge my communications, if only to assure me that my words of wisdom or pleas for attention have not been lost in cyberspace, ended up in the trash, or fallen upon deaf ears. And if I mark a communication as "urgent," please assume that I meant it. Do not call me (as one fearful client did) to ask "What did I do? Why do you hate me?" I don't hate you; I merely want to share time-sensitive information with you.

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