

# Paller Financial Services, Inc.

## TAX PREPARATION SERVICES TERMS AND CONDITIONS

RECORDS AND RESPONSIBILITY - It is your responsibility to safeguard your assets and maintain accurate records. You are responsible for ensuring that personal expenses, if any, are segregated from business expenses.

Contemporaneous records are required to substantiate your deductions. Allowable business deductions are those that are “ordinary and necessary” and “reasonable and appropriate”.

We are not responsible for the disallowance of doubtful deductions or inadequately supported documentation, nor for resulting taxes, penalties and interest.

INCOME TAX FORMS - We are only responsible for preparing the specific tax forms for the specified reporting agencies that we mutually agreed to. Our services are not intended to determine whether you have filing requirements in taxing jurisdictions other than the one(s) we have jointly identified and agreed to.

ADDITIONAL WORK - Should we encounter circumstances that require us to expand our services we will discuss that work with you before proceeding and may request that an additional engagement letter be executed. This time will be billed in accordance with our standard rates.

ESTIMATED TAX PAYMENTS - You may be required to make quarterly estimated tax payments. Depending on your circumstances, we may calculate these payments on a “safe harbor” basis and provide the appropriate direction for payment. We have no obligation to update the recommended payments throughout the year or insure that you make these payments. Should you request us to reevaluate the obligation we will do so and charge the time incurred.

GOVERNMENTAL INQUIRIES - This engagement does not include responding to inquiries by any governmental agency or tax authority. If your tax return is selected for examination or audit, you may request our assistance in responding to the inquiry. If you ask us to represent you, we will confirm this representation and charge accordingly.

CHECK THE BOX - We will check the box authorizing the IRS to discuss your Federal tax return with us, which will last for one year after the return’s due date. Depending on the matter at hand a separate engagement letter may be drafted for those services.

THIRD PARTY REQUESTS - We will **not** respond to any request from third parties. Our work is not intended to benefit or influence any third party, either to obtain credit or for any other purpose.

## **Paller Financial Services, Inc.**

GIFT TAX RETURNS - The IRS considers a gift to be any transfer to an individual, either directly or indirectly, where full consideration is not received in return. (Exceptions include, direct payment to educational institutions, payment of medical services along with transfers to minors and spouses) You are responsible for informing us of your gifts and request that we prepare these returns.

ADDITIONAL FILING OBLIGATIONS - You are responsible for determining your tax filing obligations with any state or local tax authority, including, but not limited to income, franchise, sales, use, property, or unclaimed property taxes. You agree that we have no responsibility to research these obligations or to inform you of them.

U.S. FILING OBLIGATIONS RELATED TO FOREIGN FINANCIAL ASSETS - As part of your filing obligations, you are required to report the maximum value of specified foreign financial assets, which include financial accounts with foreign institutions and certain other foreign non-account investment assets that exceed certain thresholds. You are responsible for informing us of all foreign assets, so we may properly advise you regarding your filing obligations.

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

SELF-EMPLOYED TAXPAYER – All income received, no matter the method of payment is required to be reported. Self-employed individuals that reduce their taxable income also reduce the amount reported to the Social Security Administration, which might reduce the current and future benefits for you and or your dependents. You acknowledge the above and understand that there could be potential negative effects on future social security benefits to you, your spouse, and any dependents.

OTHER INCOME – You are obligated to report ALL income received, to include: part-time, temporary, or contracted activities. For example, earnings from hobbies, gambling, and rideshare are reportable along with any related expenses for generating that income.

VIRTUAL CURRENCY AND NFT's – Virtual currency (i.e. BITCOIN) transactions are reportable. If you invested, received, and or paid amounts in virtual currencies, they need to be accounted for and evaluated. These transactions may be reportable as capital gains or losses, earnings, contributions, and or gifts. You are responsible for informing us of such transactions and providing the appropriate documentation and information.

Non-fungible tokens (NFT's) are a unit of data stored on a digital ledger, called a blockchain, which can be sold and traded. The NFT can be associated with a particular digital or physical asset (such as a file or a physical object) and a license to use the asset for a specified purpose. An NFT (and the associated license to use, copy or display the underlying asset)

## **Paller Financial Services, Inc.**

can be traded and sold on digital markets. As a consequence transactions in these items need to be reported to us so that we can evaluate their reporting requirements.

**TIMING OF THE ENGAGEMENT** - We expect to begin our services upon receipt of your information along with the completed tax organizer or worksheets.

Our services will conclude with the earlier of:

- The filing and acceptance of your 2023 tax returns by the appropriate tax authorities.
- Written notification by either party that the engagement is terminated, or
- December 31, 2024

**Depending on your circumstances we may suggest that it is in your best interest to file an extension for your tax returns.**

If an extension is requested, it may extend the statute of limitations to file a legal action or for the government to perform an examination. All taxes owed are due by the original filing due date and the extension may affect your liability for penalties and interest or compliance with governmental or other deadlines.

**PENALTIES AND INTEREST CHARGES** - Federal, state, and local tax authorities impose various penalties and interest charges for non-compliance with tax laws and regulations, including failure to file or late filing of returns, and underpayment of taxes. You, as the taxpayer, remain responsible for the payment of all tax, penalties, and interest charges imposed by tax authorities.

**INDEMNIFICATION** - You agree to indemnify and hold us harmless with respect to any:

- Claims arising from the use of the tax returns for any purpose other than filing with the IRS and state and local tax authorities regardless of the nature of the claim, including the negligence of any party.
- Any liability including but not limited to, additional tax, penalties, interest, and professional fees resulting from the disallowance of tax deductions due to inadequate documentation.

**RIGHT TO WITHDRAWAL** - In our sole discretion, we reserve the right to withdraw from this engagement for any reason whatsoever.