

**Edmundson CPA, PLLC**  
**S corporation**

Dear Client:

This letter is to confirm and specify the terms of our engagement with your corporation and to clarify the nature and extent of the services we will provide. We will prepare the following tax returns: (Please check all that apply, if you do not check a box or list a return, we will **not** prepare it)

- 2020 Federal income tax return
- 2020 North Carolina income tax return
- Other \_\_\_\_\_

We will prepare these returns from information you furnish us. We will not audit or otherwise verify the data you submit, although we may ask you to clarify some of it.

We will **not** prepare any annual report forms for any states unless the state requires the annual report be included with the corporate income tax return. NC requires an annual report be filed electronically directly with the NC Secretary of State on or before April 15<sup>th</sup>, 2021. Penalties apply, including revocation of the entity's existence, if the NC annual report is not timely filed.

It is your responsibility to provide all the information required for the preparation of complete and accurate returns. You should retain all the documents, canceled checks, and other data that form the basis of income and deductions. These may be necessary to prove the accuracy and completeness of the returns to a taxing authority. You have the final responsibility for the tax returns and, therefore, you should review them carefully before you sign them.

Our work in connection with the preparation of your tax returns does not include any procedures designed to discover defalcations or other irregularities, should any exist. We will render such accounting and bookkeeping assistance as determined to be necessary for the preparation of the tax returns.

We will resolve questions involving the application of tax rules in your favor, if there is reasonable justification for doing so.

The law provides various penalties that may be imposed when taxpayers understate their tax liability. Because an S corporation is an entity whose tax attributes flow through to its shareholders, the penalty for substantial understatement of tax relating to S corporation items may be imposed on the shareholders. In addition, penalties may be imposed for late filing of the returns and the late payment of any tax due. If you would like information on the amount or circumstances of these penalties, please contact us.

Any returns received after February 15, 2021 may need to be extended. For returns received before February 28, we expect to complete your return by the due date, but this is NOT a guarantee. An automatic extension of six (6) months will be filed. The extension is an extension of time to file, not an extension for the payment of any tax due. The extension can be denied for failure to pay 90% of the actual tax due by the original due date. There is an additional fee for preparing an extension.

Fees for our services will be at our standard rates for tax work and are due upon delivery of the returns. We will bill you for the time spent plus a base overhead charge of \$100 and out-of-pocket expenses (minimum fee is \$900). Interest is charged at 18% per annum (1.5% monthly) on all unpaid invoices and

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a \$20 returned check charge is applicable. Any fee estimate or quote given is only an estimate, not a fixed fee.

Your returns are subject to review by taxing authorities. Any items resolved against you by the examining agent are subject to certain rights of appeal. If you are audited, we will be available to represent you. **Billing for such services is at our standard rates for the nature of the service.** We are not responsible for the disallowance of deductions, or inclusion of additional income, or any resulting taxes, interest and penalties.

If the above fairly sets forth your understanding of our agreement, please sign this letter and return it to us. We are pleased to have you as a client and look forward to a long and mutually satisfying relationship.

Sincerely,



Andrew Edmundson, CPA  
Edmundson CPA, PLLC

APPROVED:

Company name: \_\_\_\_\_

By: \_\_\_\_\_, \_\_\_\_\_  
Officer signature title

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