



Down to Earth Business Management

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"Helping individuals keep their financial feet on the ground."

Tax Year 2023 Engagement Letter

Please read, sign, & return this document.

Thank you for selecting Down to Earth Business Management to assist you in preparing your income tax returns. This letter confirms the terms of our engagement and the nature, timing, and limitations of the services we will provide. We will prepare your 2023 federal and state income tax returns from information you furnish to us. We will not audit or otherwise verify the data you submit, although it may be necessary to request clarification and/or documentation for some of the information. **Note that you have the final responsibility for your income tax returns and, therefore, you should review them carefully before you sign them.**

Document Deadlines:

**Full document & deadline details are included on pages 6 & 7

Down to Earth Deadlines:

*Standard Individual & Single-Member LLC Documents Due: **March 31, 2024**

****You will automatically be put on extension if we have not received ALL of your documents by March 31st. If you send in your documents after that date, and would still like your return to be filed by April 15th, then an expedited fee will automatically be added to your invoice****

*Extension Individual & Single-Member LLC Documents Due: **September 30, 2024**

****You will automatically be charged a processing fee if we have not received ALL of your documents by September 30th.****

IRS Filing Deadlines:

* Standard Individual & Single-Member LLC Filing Date: **April 15, 2024**

* Extension Individual & Single-Member LLC Final Filing Date: **October 15, 2024**

***Any estimated payments or taxes owed to the IRS not paid by 4/15/2024 are subject to IRS interest and late payment penalties when filed. ***

Fees & Invoices (Page 4)

Our fee for services will be based upon the amount of time required at standard billing rates plus out-of-pocket expenses. All outstanding balances must be paid prior to preparing your 2023 return. In addition, we will be utilizing DocuSign for all returns this year. Please follow the instructions contained within the DocuSign email about payment for services rendered as well as any applicable payments to Federal and State agencies.

Tax returns will not be filed until all current and past due fees are paid.

Preparation

We will prepare your federal and requested state income tax returns from information that you will furnish to us. We will furnish you with an expense recap sheet to guide you in gathering the necessary information to provide to us. Your use of this form will assist in keeping pertinent information from being overlooked. In addition to the recap sheet, please provide us with scanned electronic files or copies of originals, front and back when applicable, of all government tax documents including: W-2s, 1099s, 1098s, and property tax statements. Additionally, provide us with copies of any K-1s you receive and notify us of any K-1s you have not yet received but expect to receive for the 2023 tax year. Please do not send originals.

We will not audit or otherwise verify the data you submit, although it may be necessary to ask you for clarification and/or documentation of some of the information. The information you provide will be accurate and complete to the best of your knowledge and that your expenses for meals, entertainment, travel, business gifts, charitable contributions, dues and memberships, and vehicle use are supported by records as required by law. The IRS requires that formal records of business-related deductions, such as automobile mileage, business promotion, and entertainment, be maintained to support the nature and deductibility of such expenses. We will rely on the summarized information provided without verifying it, however we may ask for clarification if the information appears to be incorrect, inconsistent, or incomplete. Our work, in connection with the preparation of your income tax returns, does not include any procedures designed to discover errors or other irregularities, should any exist. **Note that you have the final responsibility for your income tax returns and, therefore, you should review them carefully before you sign them.**

We will use our judgment to resolve questions in your favor where the tax law is unclear or where there are conflicts between the taxing authorities' interpretation of the law and what seem to be other supportable positions, assuming there is appropriate authority for the position.

We will adopt whatever position you request on your returns providing it is consistent with our professional standards and ethics. If you desire a legal opinion before choosing between alternative tax positions, you should retain legal counsel for this purpose.

Your returns may be selected for review by the taxing authorities. Any proposed adjustments by the examining agent are subject to certain rights of appeal. In the event of such a government tax examination, we will be available upon request to represent you and will render additional invoices for the time and expenses incurred at our usual hourly rates. All invoices are due upon presentation.

Penalties

The Internal Revenue Code provides for penalties in some circumstances when taxpayers understate their tax liability. For example, if a position with respect to an item on your return does not have the appropriate support in the tax law and other authorities, a penalty of 20% of the understated tax could be asserted against you. In our role as preparer of your tax return, we will not prepare a return that in our view lacks the appropriate support.

The law provides various penalties that may be imposed when taxpayers understate their tax liability. Please contact our office if you would like information on the amount or the circumstances of these penalties.

E-file Opt-out

Under both Federal and California law, we are required to electronically file your returns. However, you may opt out of electronically filing without explanation. If you would rather not e-file, let us know so we can provide you with the government opt-out forms which you must sign and return to us.

Joint Return

If a joint return is prepared, tax returns and copies of all supporting documentation will be made available to either spouse without the consent or notification of the other spouse.

Foreign Activities

You are responsible for reporting foreign activities. Certain individuals may be required to electronically file Form 114, Report of Foreign Bank and Financial Accounts (FBAR) with the U.S. Department of the Treasury. Failure to comply with the filing requirements may result in significant civil and criminal penalties. This filing is only applicable if you have an interest in a foreign bank account exceeding the aggregate threshold of \$10,000 at any time during 2023. Unless otherwise specifically agreed in writing, we will not prepare, file, or assist with respect to the FinCEN Form 114. By signing this letter, you acknowledge that you will inform us if you have income from foreign sources or if you have signatory authority over any foreign account so that we may disclose that information with your tax returns. If you are unsure whether income or an account is foreign, we will review it. **Note that the penalties for failure to report foreign activities are severe and the deadline is 4/15/2024, but this form can be automatically extended to 10/15/2024.**

Signature

It is your responsibility to provide all required information needed for us to prepare a complete and accurate It is your responsibility to provide all required information needed for us to prepare a complete and accurate tax return. We generally retain final work product generated for our clients for seven years, although we do not keep original documents. You should retain all the receipts, canceled checks, and other documents 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.

If the foregoing fairly sets forth your understanding, please sign the enclosed copy of this letter in the space indicated.

Work cannot commence until a signed copy of this document is returned.

However, in the event you provide us with some of the information necessary to prepare tax returns or the commencement of our services constitutes your acceptance of the terms of this letter, even if this engagement agreement is not signed. Additionally, if there are other tax returns you expect us to prepare, such as business returns, please inform us by noting so at the end of the returned copy of this letter just below your signature(s).

We want to express our appreciation for this opportunity to work with you.

Very truly yours,

Sharon D. Gilday, CPA

Sharon D. Gilday, CPA
Down to Earth Business Management

Accepted by:

Print Name: _____ Spouse: _____

Signature: _____

Date: _____

Telephone #: _____

Email: _____

Address: _____

Additional Returns you need filed: _____

Please write yes or no in the box below if you bought or sold virtual currency in 2023

To be environmentally conscious, copies of prepared tax returns will be sent via electronic sources. However, if you desire to have a hard copy sent to you via USPS (subject to postage and handling), please indicate yes in the box below.

Down To Earth Tax Pricing List

Notice

Starting in 2024 returns will NOT be filed until the invoice has been paid. These prices are subject to change depending on the complexity and/or time devoted to the preparation of your tax return. *No tax return will be under \$400. No exceptions.*

<u>Business</u>	<u>Individual</u>	<u>Miscellaneous</u>
S-Corporate (1120S) Starts at: \$1,300	Individual (1040) Starts at: \$400	Processing Fee: \$250
C-Corporate (1120) Starts at: \$1,300	1040 State Fee: \$100 (<i>per state</i>)	<ul style="list-style-type: none">Any documents sent in after the dates specified on page 1 and 6 of the Engagement Letter will incur a processing fee.
Partnerships (1065) Starts at: \$800	<ul style="list-style-type: none">State fee pertains to any state filed other than California.	Expedited Fee: \$250
Fiduciary (1041) Starts at: \$500	Sch C Preparation: \$100	<ul style="list-style-type: none">An expedited fee will be added to your invoice if you need your return filed within a week of sending in your documents.If you send in your documents after March 31st, and would still like your return to be filed by April 15th, then an expedited fee will automatically be added to your invoice
Non Profit (990) Starts at: \$750	<ul style="list-style-type: none">A fee will be added to your invoice if business income and expenses are not organized in a clear and legible fashion (categorized with annual totals) similar to our provided expense recap sheet (page 5).	Prior Year Returns
Financial Statement Preparation Starts at: \$125/hr		<ul style="list-style-type: none">A retainer of 50% for the total of years to be completed will be required before commencement of our services. Return(s) will not be filed until the remainder of the invoice is paid in full.
Tax Planning Starts at: \$250/hr		
1099's: Starts at: \$60 plus \$5 per form.		

All prices are subject to change

Income Tax – Expense Recap

Name: _____

Self-Employment/Business Income Total:

(Do not include W2 wages)

\$ _____

Expenses for the Year 2023

Expenses **Annual Total**

Medical	
Cost (not including health insurance)	
Health Insurance Premiums	
Cash Contributions	
<small>(List separately amount donated and donated to)</small>	
Non-cash Contributions (Over 500)	
Donee Name & Address	
Description of Property	
Date Acquired	
Date Donated	
Fair Market Value	
Home Office (Total Annual Amounts)	
Size of house sq feet	
Size of office sq feet	
Rent / Mortgage	
Mortgage Interest	
Utilities	
Homeowners Insurance	
Property Taxes	
Condo or Mgmt Fees (HOA)	
Repairs or Maintenance	
Security	
Business Vehicle Expenses & Mileage	
(calculate individually for each vehicle)	
Year / Make / Model	
Date vehicle was acquired	
Lease or Finance?	
Total Annual Miles: Personal & Business	
Annual Business Miles Driven	
Parking	
DMV Renewal	
Gas, Oil, Lube	
Insurance	
Interest	
Lease Payments	
Repairs or Maintenance	
Tires	
Wash & Wax	

Expenses **Annual Total**

Self-Employed Business Expenses	
Accounting	
Advertising	
Bank Charges	
Commissions	
Dues & Subscriptions	
Equipment Rental	
Insurance (Business insurance)	
Interest: Finance Charges - Business Only	
Janitorial	
Laundry	
Legal and Professional	
Meals	
Office Supplies	
Outside Services	
Postage/Delivery	
Printing	
Rent - Office, Studio	
Repairs & Maintenance	
Security	
Storage	
Supplies - Equipment & Machinery <small>(less than \$500 per item)</small>	
<small>(List separately any items valued at more than \$500 ea)</small>	
Telephone (office & cellular)	
Uniforms	
Utilities (Office Only)	
Travel Expenses (away from home)	
Airfare	
Hotel	
Local Transportation (taxi & ride share)	
Other Expenses	
Books & Publications	
Business Gifts	
Continuing Education	
Internet	
Licenses & Permits	
Promotion	
Research (Streaming services, music, movies, etc.)	
Software	
Web Expenses	

Did you have any foreign bank accounts with an aggregate value of more than \$10,000 at any time during 2023? Yes No

If yes, contact Down to Earth with all relevant information prior to March 22, 2024.

I understand and agree that these expenses are based on receipts and backup I have on file. It is my responsibility to keep all receipts and backup to be able to present to my accountant if requested, or in the event of an audit.

Name (Printed): _____

Signature: _____

Date: _____

IMPORTANT DEADLINES--2023 Tax Year

1099-NEC (Non-employee Compensation) Preparation, formerly known as 1099-MISC

- Recipient Information (Name/Address/SSN/Amount) Due: [1/22/24](#)
- Filing Deadline: [1/31/2024](#)

City of Los Angeles Business License Filing

- Gross Receipts Information Due: [2/15/2024](#) *Note: Late filings will NOT be eligible for any applicable small business or creative artists exemptions. *
- Filing Deadline: [2/29/2024](#)

Beneficial Ownership (NEW 2023)

- Entities created before 1/1/24: Due by 1/1/25
- Entities created during 2024: Due 90 days after creation/registration.
- Entities created after 2024: Due 30 days after creation/registration.

S-CORPORATIONS & PARTNERSHIPS

S-CORPORATIONS & PARTNERSHIPS FILING INITIAL DEADLINE: [3/15/24](#)

- **ALL DOCUMENTS NEEDED BY: [03/01/24](#)**
- Signed Engagement Letter needed by: [3/01/24](#)
- LLCs/S-Corporation Annual Minimum Tax due by: [4/15/24](#)
- Extension Filing Deadline: [3/15/24](#)

FINAL DEADLINE FOR S-CORPS/PARTNERSHIPS 2023 TAX RETURNS: [9/16/24](#)

- **ALL DOCUMENTS NEEDED BY: [8/30/24](#)**

INDIVIDUAL & CORPORATE (C-CORPS)

INDIVIDUAL & CORPORATE (C-CORPS) FILING INITIAL DEADLINE: [4/15/24](#)

- **ALL DOCUMENTS NEEDED BY: [03/31/24](#)**
- Signed Engagement Letter needed by: [3/31/24](#)
- Any State and/or Federal tax liability due by: [4/15/24](#)
- Single-Member LLCs/Corporate Annual Minimum Tax due by: [4/15/24](#)
 - IRS and State agency tax deadline for individual tax returns and extensions. Any taxes not paid by the filing deadline with your individual tax return or extension are subject to interest and penalties by the IRS and State agencies.
 - IRS deadline for the FinCEN Form 114, FBAR (Foreign Banking and Financial Accounts) –See “Foreign Activities” **section above** for further details.
- Extension Filing Deadline: [4/15/24](#)

FINAL DEADLINE FOR INDIVIDUAL & CORPORATE (C-CORPS) 2023 TAX RETURNS & FinCEN FORMS 114 (FBAR): [10/15/24](#)

- **ALL DOCUMENTS NEEDED BY: [9/30/24](#)**

NONPROFIT ORGANIZATION DEADLINE

- **NONPROFIT ORGANIZATION DEADLINE: [5/15/24](#)**

YEAR END PROJECTIONS

- Please provide Down to Earth **ALL** documents and relevant information for projections by: [12/12/24](#)

Documents Checklist Individual:

Income:

- W-2's
- 1099's NEC/MISC
- 1099-DIV (Stocks and brokerage accounts)
- 1099-G (Unemployment)
- 1099-INT(Interest)
- 1099-R(Pensions)
- K1s
- SSA--1099(Social Security Benefits)
- Rental Income (and all related expenses)

Expenses:

See expense recap sheet

- Mortgage Interest Statement (Form 1098)
- Real Estate Taxes
- Donations (Cash and Non-Cash)
- Health insurance (Covered California will need Form 1095-A)
- Education documents (1098-T, 1098-E)
- IRA or Roth IRA Contribution
- Childcare:
 - Name of Childcare Provider
 - Address of Provider
 - SSN or EIN of Provider **(Required)**
 - Telephone Number of Provider
 - Amount Paid to Provider in 2023

Miscellaneous Questions:

- Did you get married in 2023?
- Did you get divorced in 2023?
- Did you have a child in 2023?
- Did you lose a spouse or child in 2023?
- Did you sell a house in 2023?
- Did you start a company in 2023?
- Did you move in 2023?

Documents Checklist Corporations:

- Profit & Loss
- Balance Sheet
- 1099s(NEC/MISC/K)
- Ending bank balances on 12/31/23
- Documentation/Acknowledgement of 2023 CA Annual Tax paid (\$800), if applicable.