



Individual Tax Preparation Agreement

We appreciate the opportunity to work with you. To minimize the possibility of a misunderstanding between us, we are setting forth pertinent information about the services we will perform for you.

Preparation of Returns: We will prepare your 2018 federal and Alabama state individual income tax returns from information you furnish us. To assist you in gathering and organizing the necessary information required for the preparation of your individual income tax returns, we will furnish you with a tax organizer upon request. Providing us with the completed tax organizer will help to ensure that you are not overlooking important information that may be necessary for complete and accurate returns, as well as may help to minimize our fees.

Joint Returns: Agreements to prepare a joint return must be signed by both spouses. By signing this agreement, each spouse acknowledges that they have been made aware of their right to file a return separate from their spouse. Should a spouse wish to file separately, or if you would like additional information regarding the implications of filing jointly or separately, please contact our office before signing this agreement.

Timeliness: We must receive all information to prepare your returns by March 29, 2019, to ensure that your returns will be completed by April 15, 2019. If we have not received all of your information by March 29, 2019, we cannot guarantee that your returns will be completed before the deadline. If we are unable to complete the returns, we will assume that you want us to prepare an extension of time to file your returns; however, you will need to provide us with an authorization before we can file the extension on your behalf. You should keep in mind that this would be an extension of time to file the returns; however, any tax estimated to be due would need to be paid with the extension request. We assume no liability for late filing or late payment penalties.

TCJA: In December 2017, the President signed into law the *Tax Cuts and Jobs Act* ("Tax Act" or "Act") which introduces the most significant changes to the U.S. tax system since 1986. With a few exceptions, the provisions are generally effective starting in the 2018 tax year. As such, your federal and state income tax returns for the 2018 tax year may look substantially different as compared to prior years. If you have any questions regarding the application of the Tax Act regulations, please ask us for advice in that regard.

Documentation: You are responsible for maintaining adequate documentation to substantiate the accuracy and completeness of your returns. You should retain all documents that provide evidence and support for reported income, credits, and deductions on your returns, as required under applicable tax laws and regulations. You are responsible for the adequacy of all information provided in such documents. You represent that you have such documentation and can produce it, if necessary, to respond to any audit or inquiry by tax authorities. You agree to hold our firm harmless with respect to any additional tax, penalties, interest and professional fees resulting from the disallowance of tax deductions due to inadequate documentation.

Personal Expenses: You are responsible for ensuring that personal expenses, if any, are segregated from business expenses and that expenses such as meals, travel, entertainment, vehicle use, gifts, and related expenses are supported by necessary records required by the IRS and other tax authorities. At your written request, we are available to provide you with written answers to your questions on the types of supporting records required.

State and local filing obligations: You are responsible for determining your tax filing obligations with any state or local tax authorities, 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. If upon review of the information you have provided to us, including information that comes to our attention, we believe that you may have

additional filing obligations, we will notify you of this responsibility in writing and ask you to contact us. If you ask us to prepare these returns, we will confirm this representation in a separate engagement letter.

Bitcoin Trading: Please note that the Internal Revenue Service (IRS) considers virtual currency (e.g., Bitcoin) as property for U.S. federal tax purposes. As such, any transactions in, or transactions that use, virtual currency are subject to the same general tax principles that apply to other property transactions. If you had virtual currency activity during the 2018 tax year, you may be subject to tax consequences associated with such transactions, and may have additional foreign reporting obligations. You agree to provide us with complete and accurate information regarding any transactions in, or transactions that have used, virtual currency during the applicable tax year. Please ask us for advice if you have any questions regarding the type of records required for virtual currency transactions.

Professional Judgement: We will use our professional judgment in preparing your returns. Given the magnitude of the changes the Tax Act contains, as well as some new concepts introduced in the law, additional stated guidance from the IRS, and possibly from Congress in the form of technical corrections, may be forthcoming. We will use our professional judgment and expertise to assist you given the Tax Act guidance as currently promulgated. Subsequent developments issued by the applicable tax authorities may affect the information we have previously provided, and these effects may be material. Whenever we are aware that a possibly applicable tax law is unclear or that there are conflicting interpretations of the law by authorities (e.g., tax agencies and courts), we will explain the possible positions that may be taken on your return. In accordance with our professional standards, we will follow whatever position you request, as long as it is consistent with the codes, regulations, and interpretations that have been promulgated.

If a taxing authority should later contest the position taken, there may be an assessment of additional tax plus interest and penalties. We assume no liability for any such additional penalties or assessments. In the event, however, that you ask us to take a tax position that in our professional judgment will not meet the applicable laws and standards as promulgated, we reserve the right to stop work and shall not be liable for any damages that occur as a result of ceasing to render services.

The law provides for a penalty to be imposed where a taxpayer makes a substantial understatement of their tax liability. Taxpayers may seek to avoid all or part of the penalty by showing (1) that they acted in good faith and there was reasonable cause for the understatement, (2) that the understatement was based on substantial authority, or (3) that the relevant facts affecting the item's tax treatment were adequately disclosed on the return. You agree to advise us if you wish disclosure to be made in your returns or if you desire us to identify or perform further research with respect to any material tax issues for the purpose of ascertaining whether, in our opinion, there is "substantial authority" for the position proposed to be taken on such issue in your returns.

Foreign Interests: If you and/or your entity have a financial interest in, or signature authority over, any foreign accounts, you may be subject to certain filing requirements with the U.S. Department of the Treasury, in addition to the IRS. Filing requirements may also apply to taxpayers that have direct or indirect control over a foreign or domestic entity with foreign financial accounts, even if the taxpayer does not have foreign account(s). By your signature below, you agree to provide us with complete and accurate information regarding any foreign accounts that you and/or your entity may have had a direct or indirect interest in, or signature authority over, during the above referenced tax year. The foreign reporting requirements are very complex, so if you have any questions regarding the application of the U.S. Department of the Treasury and/or the IRS reporting requirements to your foreign interests or activities, please ask us for advice in that regard. Failure to disclose the required information to the U.S. Department of the Treasury and the IRS may result in substantial civil and/or criminal penalties. We assume no liability for penalties associated with the failure to file or untimely filing of any of these forms.

Efiling: Taxing authorities now require us to electronically file all federal and Alabama state individual income tax returns ("e-filing"). However, you do have the right to "opt out" of the e-filing program. Please notify our firm immediately should you desire not to have your returns e-filed, so that we may provide you with the form(s) necessary for opting out of the e-file program. Please note that unless you notify us of your desire to not e-file your returns, we will prepare your returns to be e-filed.

Although e-filing requires both you and our firm to complete additional steps, the same filing deadlines will apply. You must therefore ensure that you complete the additional requirements well before the due dates in order for our firm to be able to timely transmit your returns. We will provide you with an electronic copy of the income tax returns for your review prior to electronic transmission. **After you have reviewed the returns, you must provide us with a signed authorization indicating that you have reviewed the returns and that, to the best of your knowledge, you feel they are correct.** We cannot transmit the returns to the taxing authorities until we have the signed authorization. Therefore, if you have not provided our firm with your signed authorization by April 14, 2019, we will place your returns on extension, even though they might already have been completed. In that event, you will be responsible for ensuring that any payment due with the extension is timely sent to the appropriate taxing authorities. You will also be responsible for any additional costs our firm incurs arising from the extension preparation. *Recognizing that our firm needs adequate lead time to perform due diligence in ensuring that authorized returns have been efiled, we expressly state that we will not be responsible for late filing penalties in cases where the client fails to return the efile authorization form to our office at least one day prior to the return due date.*

Finally, please note that although our firm will use our best efforts to ensure that your returns are successfully transmitted to the appropriate taxing authorities, we will not be financially responsible for electronic transmission or other errors arising **after** your returns have been successfully submitted from our office.

Affordable Care Act: Our services in connection with this engagement are not designed to address the legal or regulatory aspects of your compliance with the Affordable Care Act. In preparing your individual tax returns, we will rely solely on the information you provide us regarding the ACA mandates and you agree to accept full responsibility for the accuracy and completeness of this information, as well as your compliance with the ACA. As such, we will not be responsible for any taxes, penalties, or interest that may be assessed. Additionally, it is your responsibility to notify us that you received insurance coverage through the healthcare market place. Should you fail to notify us of this coverage, additional fees will be assessed should we later be required to respond to an IRS notice regarding failure to reconcile a advance premium tax credit.

Ultimate Responsibility for Return: By your signature below, you understand and agree that you are responsible for the accuracy and completeness of the records, documents, explanations, and other information provided to us for purposes of this engagement. **You have the final responsibility for the income tax returns and, therefore, you should review them carefully before you sign them.** You agree that our firm is not responsible for a taxing authority's disallowance of deductions or inadequately supported documentation, nor for resulting taxes, penalties, and interest.

Fees: Fees for our services will be based on time required to complete your return as well as the forms required to be included, plus out-of-pocket expenses. We reserve the right to require an advance deposit before beginning return preparation. Full payment for service is required at the time your return is delivered to you for signature. **In signing this agreement, you expressly acknowledge your understanding that we require payment in full prior to the efilng of your return or the delivery of paper returns for mailing, and that we will not be responsible for late filing penalties resulting from your failure to pay return preparation fees on a timely basis.**

Other Returns: We are responsible for preparing only the returns listed above. It is your responsibility to notify us of any other returns, including other state returns, which you are required to file.

Tax Authority Letters: Our fee does not include responding to inquiries or examination by taxing authorities. However, we are available to represent you. Our fees for such services are at our standard rates and would be covered under a separate engagement letter.

Third Party Software: We utilize third-party software service providers in the preparation, storage, and transmission of tax returns, some of which may be cloud-based, but we remain committed to maintaining the confidentiality and security of your information. Although we will use our best efforts to make the sharing of your information to such third parties secure from unauthorized access, no completely secure system for electronic data transfer has yet been devised. As such, by your signature below, you understand that the firm makes no warranty, expressed or implied, on the security of electronic data transfers.

Records Retention: It is our policy to keep records related to this engagement for 7 years. However, we do not keep any original client records, so we will return those to you at the completion of the services rendered under this engagement. When records are returned to you, it is your responsibility to retain and protect your records for possible future use, including potential examination by any government or regulatory agencies.

By your signature below, you acknowledge and agree that upon the expiration of the 7-year period, this firm shall be free to destroy our records related to this engagement.

Termination of Agreement: You may terminate this agreement at any time. In the event that you terminate this agreement, you agree to pay for all work performed to the date of termination. We reserve the right to terminate this agreement for failure to provide accurate documentation within a timely manner after requested by us; inconsistencies between your verbal or written statements and the documentation provided, unless explained to our satisfaction; repeated missed or late appointments or deadlines; or if we determine, in our professional judgment, that a tax position has no reasonable basis, we inform you of this, and you instruct us to take such position notwithstanding our determination. In the event that we terminate this agreement for any of the above-stated reasons, you agree to pay for all work performed to the date of termination. We further reserve the right to terminate this agreement if, in our professional judgment, we are not competent to prepare your return due to the complexity of your tax issues. In the event that we terminate this agreement due to the complexity of the tax issues involved, we will return any amounts paid to date, and you will not be responsible for payment for any work performed.

Dispute Resolution: If any dispute arises among the parties hereto, the parties agree to first try in good faith to settle the dispute by mediation administered by an association formed to provide alternative dispute resolution services which will be chosen by our firm at the time a dispute arises. The dispute will be conducted under the association's applicable rules for resolving professional accounting and related services disputes before resorting to litigation. Costs of any mediation proceeding shall be shared equally by all parties.

Fee Disputes: Client and accountant both agree that any dispute over fees charged by the accountant to the client will be submitted for resolution by arbitration in accordance with the applicable rules for resolving professional accounting and related services disputes to an association formed for the purpose of rendering alternative dispute resolution services chosen by our firm. It is understood and agreed that under all circumstances the arbitrator must follow the laws of Alabama. Such arbitration shall be binding and final. IN AGREEING TO ARBITRATION, WE BOTH ACKNOWLEDGE THAT, IN THE EVENT OF A DISPUTE OVER FEES CHARGED BY THE ACCOUNTANT, EACH OF US IS GIVING UP THE RIGHT TO HAVE THE DISPUTE DECIDED IN A COURT OF LAW BEFORE A JUDGE OR JURY AND INSTEAD WE ARE ACCEPTING THE USE OF ARBITRATION FOR RESOLUTION. The prevailing party shall be entitled to an award of reasonable attorneys' fees and costs incurred in connection with the arbitration of the dispute in an amount to be determined by the arbitrator.

Timing of Engagement: We expect to begin our services upon receipt of the this engagement letter, along with all of your 2018 tax documents. Our services will conclude upon the earlier of: (1) the filing and acceptance of your 2018 tax returns by the appropriate tax authorities and mailing or delivery of non-electronically filed tax returns (if any) for your review and filing with the appropriate tax authorities, (2) written notification by either party that the engagement is terminated, or (3) one year from the execution date of this Agreement.

Extensions of Time to File Tax Returns: The original filing due date for your tax returns is April 15, 2019. It may be necessary to apply for an extension of the filing deadline if there are unresolved issues or delays in processing, or if we do not receive all of the necessary information from you on a timely basis. Applying for an extension of time to file may extend the time available for a government agency to undertake an audit of your return or may extend the statute of limitations to file a legal action. **All taxes owed are due by the original filing due date.** Additionally, extension may affect your liability for penalties and interest or compliance with governmental or other deadlines.

To the extent you wish to engage our firm to apply for extensions of time to file tax returns on your behalf, you must notify us of this request in writing. **Our firm will not file these applications unless we receive an executed copy of this Agreement and your express written authorization to file for an extension.** In some cases, your signature may

be needed on such applications prior to filing. Failure to timely request an extension of time to file can result in penalties for failure to file tax returns, which accrue from the original due date of the returns, and can be substantial.

Please note that you are affirming to our firm your understanding of, and agreement to, the terms and conditions of this engagement letter by any one of the following actions: returning your signed engagement letter to our firm; returning your income tax information to us for use in the preparation of your returns; the submission of the tax returns we have prepared for you to the taxing authorities; or the payment of our return preparation fees.

We are pleased to have you as a client and look forward to a long and mutually satisfying relationship.

Sincerely,

Starla Smith

Starla Smith, CPA
Stellar Accounting LLC

Approved:

Client Signature

Client Name

Date

Approved:

Spouse Signature

Spouse Name

Date