

# **ANN THOMAS, CPA, PC**

A Certified Public Accounting Firm  
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email: info@annthomascpa.com

Dear Client:

Tax filing time is here again. **Enclosed** is our engagement letter that describes the terms of our engagement for preparation of your 2018 tax return. The letter **must** be signed and returned prior to the preparation of your return or we cannot proceed with the preparation. Also enclosed is the foreign asset disclosure. This too must be completed, signed, and returned to our office.

We have prepared your 2018 Income Tax Organizer and it is available for you at your request. Completing and returning the organizer to our office will enable us to prepare your tax return more efficiently and timely. Please indicate on your signed engagement letter if you wish to pick up your organizer, have it mailed or emailed to you, or download from our website (portal creation required).

Please keep in mind we need all of the Forms W-2, Forms 1099, and **Forms 1095 (ACA Reporting Forms)**, in addition to copies of any other pertinent data (i.e., investment statements, mortgage statements, K-1's, etc.). If you are still waiting on K-1's from a Partnership, Trust, or S Corporation, please complete the organization with the data you currently have and send it to us as soon as possible. The K-1 can be brought to our office upon receipt. Additionally, please verify the address to be used on the tax return, social security number, name, and date of birth for each individual listed on the tax return. The social security card number and name must match the number and name printed on the tax return for e-file acceptance.

We may require: documentation of IRA rollovers, Capitalization Policy, and gambling loss records from gaming establishments. We **must** have all receipts for claimed education expenses including tuition statements and book/supply receipts. We may also request additional information regarding mortgage loan interest paid and credits for earned income tax, child tax, and education.

We need to receive the majority of your data by March 18, 2019 in order for us to process your return by April 15, 2019. We cannot guarantee completion by the tax return due date on data received after March 18, 2019. An extension for additional time to file with the IRS may be required if your tax information is not received in a timely manner by our office. Automatic extension will **not** be filed unless **you** contact our office prior to April 8, 2018, to provide the necessary information to prepare the extension.

*The fee for the preparation and e-filing of the return(s) is due and payable upon delivery of the return(s). Returns will not be e-filed until payment has been received. Delivery Fees will be billed to the client. The fee for returned checks is \$25.00. A retainer or progress billing may be required. A finance charge of 1% per month applies to invoices not paid within 10 days of the invoice date. For your convenience, we accept American Express, Discover, MasterCard and Visa.*

**Our minimum preparation fee will be \$360.00 per return. Qualified business income deduction forms will have a minimum charge of \$90. We will bill separately for any adult children at our standard rates. On May 1, 2019 we may progress bill any extended 2018 return.**

Additional fees may be required for 2018 qualified business income deduction forms, capital gain/loss transactions, investment Schedule K-1's, Forms 8960 and 8959 for reporting hospital insurance tax, Form 8867 (due diligence checklist for credits for earned income, child tax, education, and head of household), and reporting requirements under the Affordable Care Act, the PATH Act, and the Tax Cuts and Job Act due to the complexities of the reporting requirements for these activities. Any additional fees will be detailed on your invoice.

Clients with special deadlines (FASFA worksheets, mortgage applications, etc.) must provide their complete information two weeks prior to the special deadline.

Federal law requires a signed authorization on file prior to the disclosure of any client information to a third party. The third-party disclosure forms are for the protection of confidential client information and will only be submitted upon the client's request and after receipt of a signed authorization form.

We look forward to seeing you. Best wishes for a Healthy and Prosperous New Year!

Sincerely,



Ann Thomas CPA PC  
Enclosure

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**281-333-3848(office)/281-333-0225(fax)**  
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**Website: www.annthomascpa.com**

Name: \_\_\_\_\_

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. We ask all clients for whom returns are prepared to confirm the following arrangements.

We will prepare your **2018** Federal/State individual income tax return from information that you will furnish. We do not use foreign third parties for preparation of your tax return, but we may use outside processing companies for electronic filing. We will not audit or otherwise verify the data you submit although we may ask you to clarify some information. We will furnish you with tax organizers and questionnaires to help you gather and organize the necessary information for us, in order to keep our fee to a minimum.

We must receive all information to prepare your return by March 18, 2019, to ensure that your return will be completed by April 15, 2019. If we have not received all of your information by March 18, 2019 and your return is not completed by April 15, 2019, you may be subject to late filing or late payment penalties. We do not file tax extensions for clients unless specifically requested to do so. An extension request is for additional time to file the return, not for additional time to pay tax. Substantial penalties may be assessed if your taxes are not paid by April 15, 2019.

It is your responsibility to maintain, in your records, the documentation necessary to support the data used in preparing your tax returns, including but not limited to the auto, travel, meals, gambling winnings and losses, and related expenses and the required documents to support **all** charitable contributions. **IF YOU CLAIM A DEDUCTION FOR ANY OF THESE TYPES OF EXPENSES, YOU REPRESENT THAT YOU HAVE THE REQUIRED RECORDS AND RECEIPTS.** If you have any questions as to the type of records required, please ask us for advice in that regard. It is also your responsibility to carefully examine and approve your completed tax returns before signing and submission to the tax authorities. We are not responsible for the disallowance of doubtful deductions or inadequately supported documentation, nor for resulting taxes, penalties, and interest. Our preparation services of your income tax return does not include any procedures designed to discover defalcations and/or irregularities, should any exist.

We are responsible for preparing only the return listed above. We will render such accounting and bookkeeping assistance as determined to be necessary for preparation of the income tax return. If there are additional returns you wish us to prepare, such as payroll tax, sales tax, inheritance, gift or estate tax, other income tax returns for other entities, such as Texas Franchise reports, or other states' or cities tax returns please insert them here: \_\_\_\_\_ . Our fee does not include responding to inquires or examination by taxing authorities. However, we are available to represent you and our fees for such services are at our standard rates and would be covered under a separate engagement letter.

We will use our judgment to resolve questions in your favor where a tax law is unclear if there is a reasonable justification for doing so. 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. We will follow whatever position you request, so long as it is consistent with the codes, regulations, and interpretations that have been promulgated. If the IRS 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 addition, your confidentiality privilege can be inadvertently waived if you discuss the contents of any privileged communication with a third party, such as a lending institution, a friend, or a business associate. We recommend that you contact us before releasing any privileged information to a third party. If we are asked to disclose any privileged communication, unless we are required to disclose the communication by law, we will not provide such disclosure until you have had an opportunity to argue that the communication is privileged. You agree to pay any and all reasonable expenses that we incur, including legal fees, that are a result of attempts to protect any communication as privileged.

Our firm maintains and complies with a 5 year records retention policy. Our fee for these tax services will be based on our standard rates. Invoices are due and payable upon presentation. No further work will be performed when an unpaid balance over 60 days is outstanding, unless a written waiver is granted. The suspension or termination of our work may cause you to fail to meet deadlines imposed by creditors, governments, or other third parties or may result in other adverse consequences and is a proper consequence of nonpayment of our statements. Our services will conclude upon delivery of the completed tax returns discussed above or upon our resignation from the engagement.

We appreciate the opportunity to serve you. Please date and sign the enclosed copy of this letter to acknowledge your agreement with and acceptance of your responsibilities and the terms of this engagement. It is our policy to initiate services after we receive the executed engagement letter.

Sincerely,



Ann Thomas CPA PC

**I have read the above terms of the engagement letter and agree with the terms of this engagement and acknowledge my return will be e-filed.**

**Client signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**SELECT ONE:**

**Mail Organizer:** \_\_\_\_\_

**Email Organizer:** \_\_\_\_\_

**Pick up Organizer:** \_\_\_\_\_ **(Please call first)**

**Provide log in directions to download from website portal:** \_\_\_\_\_

**Email Address:** \_\_\_\_\_

**Phone Number:** \_\_\_\_\_

# REPORTING OF FOREIGN ASSETS

Client \_\_\_\_\_

Tax Year 2018

## Disclosure of Foreign Assets

We need to make further inquiries to ensure the \$10,000 penalty (or higher), and the loss of tax return statute of limitation, will not affect you:

Yes No

- \_\_\_\_ \_\_\_\_ Do you own, directly or with others, any foreign stock or securities, financial instruments, foreign-issued annuities or life insurance, or foreign hedge or private-equity fund?  
If so, what country? \_\_\_\_\_  
Estimated value of the stock on 12/31/2018 \$ \_\_\_\_\_
- \_\_\_\_ \_\_\_\_ Do you have a retirement or deferred compensation plan/account in another country?  
If so, what country? \_\_\_\_\_ FMV on 12/31/2018 \$ \_\_\_\_\_  
Highest estimated value of the retirement plan during 2018 \$ \_\_\_\_\_
- \_\_\_\_ \_\_\_\_ Do you have a bank/brokerage account or a custodial account in another country?  
If so, what country? \_\_\_\_\_  
Highest value of the bank account during the year \$ \_\_\_\_\_
- \_\_\_\_ \_\_\_\_ Do you have any other assets outside the U.S., such as land?  
If so, what country? \_\_\_\_\_  
Description and estimated value of the assets \$ \_\_\_\_\_

OR

- \_\_\_\_ \_\_\_\_ At any time during 2018, did you have a financial interest in or signature authority over a financial account (such as a bank account, securities account, or brokerage account) located in a foreign country?  
If "Yes," you may be required to file Form FinCEN 114 to report that financial interest or signature authority. Enter the name of the foreign country where the financial account is located: \_\_\_\_\_  
Highest value of the financial account during the year \$ \_\_\_\_\_
- \_\_\_\_ \_\_\_\_ During 2018, did you receive a distribution form, or were you the grantor of or transferor to, a foreign trust? If "Yes," you may have to file Form 3520

The above information is correct to the best of my knowledge.

Signature \_\_\_\_\_

Date \_\_\_\_\_

Print Name \_\_\_\_\_

Signature \_\_\_\_\_

Date \_\_\_\_\_

Print Name \_\_\_\_\_

FAILURE TO TIMELY FILE THE APPROPRIATE FORMS WITH THE U.S. DEPARTMENT OF THE TREASURY AND THE IRS MAY RESULT IN SUBSTANTIAL MONETARY PENALTIES.

**PLEASE SIGN AND RETURN BY FAXING TO: 281-333-0225 OR EMAIL TO: melissa@annthomascpa.com**

Types of Foreign Assets and Whether They Are Reportable		
	Form 8938, Statement of Specified Foreign Financial Assets – MFJ \$100,000 to 150,000, Others \$50,000 to 75,000	Form Fin CEN 114, Reports of Foreign Bank and Financial Accounts (FBAR) - Over \$10,000
1. Financial (deposit and custodial) accounts held at foreign financial institutions.	Yes	Yes
2. Financial account held at a foreign branch of a U.S. financial institution	No	Yes
3. Financial account held at a U.S. branch of a foreign financial institution	No	No
4. Foreign financial account for which you have signature authority	No, unless you otherwise have an interest in the account as described above	Yes, subject to exceptions
5. Foreign stock or securities held in a financial account at a foreign institution *	The account itself is subject to reporting, but the contents of the account do not have to be separately reported	The account itself is subject to reporting, but the contents of the account do not have to be separately reported
6. Foreign stock or securities **	Yes	No
7. Foreign partnership interest **	Yes	No
8. Indirect interests in foreign financial assets through an entity	No	Yes, if sufficient ownership or beneficial interest (i.e., a greater than 50 percent interest) in the entity. See instructions for further detail
9. Foreign mutual funds*	Yes	Yes
10. Domestic mutual fund investing in foreign stocks and securities	No	No
11. Foreign accounts and foreign non-account investment assets held by foreign or domestic grantor trust for which you are the grantor*	Yes, as both foreign accounts and foreign non-account investment assets	Yes, as foreign accounts
12. Foreign-issued life insurance or annuity contract with a cash value**	Yes	Yes
13. Foreign hedge funds and foreign private equity funds**	Yes	No
14. Foreign real estate held directly	No	No
15. Foreign real estate held through a foreign entity	No, but the foreign entity itself is a specified foreign financial asset and its maximum value includes the value of the real estate	No
16. Foreign currency held directly	No	No
17. Precious metals held directly	No	No
18. Personal property held directly, such as art, antiques, jewelry, cars and other collectables	No	No
19. "Social Security" type program benefits provided by a foreign government	No	No

\*May have to file both reporting documents. See reporting thresholds

\*\* Represents a broader range of offshore assets.