



Important Tax Information

S-Corporate tax returns are due March 15, 2019

Partnership tax returns are due March 15, 2019

Calendar Year-End Corporate tax returns are due April 15, 2019

YOUR TO-DO LIST*

1. Sign the Entity Engagement Letter
2. Complete and sign the Annual Organizer
3. Upload your QuickBooks file or P&L/Bal Sheet and above signed documents to your portal (docs must be .pdf)

Log in at www.jrmartincpa.com, click on "File Exchange"
Click on "2018 Business Tax Documents" folder, click "Upload"

You may instead bring any above information to our office if this is more convenient for you.

Call (530) 229-1301 with questions

*This package is required by February 15th (S-Corp/Partnership returns) and March 15th (C-Corp returns) in order to begin preparation of your business return. If your situation requires longer than that and you need more time, please sign and initial bottom of page 3 of the engagement letter. Return to our office as soon as possible and we will file an extension to give you more time. *Additional fee may apply.*



Entity Engagement Letter - 2018 Income Tax Return

December 10, 2018

This letter is to confirm and specify the terms of our engagement with you and to clarify the nature and extent of the services we will provide. In order to ensure an understanding of our mutual responsibilities, we ask all clients for whom returns are prepared to confirm the following arrangements.

Scope of Engagement

We will prepare your federal and state tax returns based upon information and representations that you provide to us. We will not audit or otherwise verify the data you submit, although it may be necessary to ask you for clarification of some of the information.

Client Responsibilities

It is your responsibility to provide all of the information required for the preparation of complete and accurate tax returns. You are responsible for maintaining adequate documentation to substantiate the accuracy and completeness of your tax returns. You should retain all documents, cancelled checks and any other data that provide evidence and support for reported income, credits, and deductions on your returns. These may be necessary to prove the accuracy and completeness of the returns to a taxing authority. You have the final responsibility for the income tax returns and, therefore, you should review them carefully before you sign them.

You represent that you have such documentation and can produce it, if needed, to respond to any audit or inquiry by taxing authorities. You agree to hold us harmless with respect to any additional taxes, penalties, or interest imposed on you by taxing authorities, resulting from the disallowance of tax deductions due to inadequate documentation.

CPA/Firm Responsibilities

Our work in connection with the preparation of your income tax returns does not include any procedures designed to discover fraud, theft, or other irregularities, should any exist.

We will render such accounting and bookkeeping assistance as determined to be necessary for preparation of income tax returns. We will request your approval before rendering these additional services.

Our engagement does not include tax-planning services, which are available as a separate engagement. During the course of preparing the tax return, we may bring to your attention certain available tax saving strategies for you to consider as a possible means to reduce your income taxes in subsequent years. However we will take no action with respect to any such recommendation without a separate, signed engagement letter.

Entity Engagement Letter - 2018 Income Tax Return

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Your returns may be selected for review or audit by the taxing authorities. Any proposed adjustments by the examining agent are subject to certain rights of appeal. In the event of such government tax examination, you can request that we assist you. If you ask us to represent you, we will confirm this in a separate engagement letter and clearly state how additional charges for the service will be calculated.

Timing of the Engagement

We expect to begin the preparation of your returns upon receipt of the engagement package, which includes the engagement letter, the questionnaire, and other requested information.

If your return is electronically filed, our services will be concluded upon acceptance of your tax returns by the appropriate taxing authorities.

If your return is filed by mail, our services will be concluded upon delivery to you of your 2018 tax return for your review and filing with the appropriate taxing authorities.

In the event we do not receive your information by the final extended filing deadline, we will immediately disengage and terminate our business relationship with you.

Entity Due Dates are as follows:

	Original Deadline	Final Extended Deadline
Deadline for Partnerships (Form 1065)	March 15, 2019	September 16, 2019
Deadline for S Corporations (Form 1120S)	March 15, 2019	September 16, 2019
Deadline for C Corporations (Form 1120)	April 15, 2019	October 15, 2019

Extensions of Time to File Tax Returns - \$150.00 Filing Fee Will Apply

It may become necessary to apply for an extension of the filing deadline if there are unresolved tax issues or delays in processing. All taxes owed are due by the original filing due date and extensions may affect your liability for penalties and interest or compliance with government or other deadlines.

By signing this engagement letter you are authorizing us to submit extensions of time to file tax returns on your behalf, if we do not have your information by the stated deadlines.

Failure to timely file for 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.

Penalties and Interest Charges

The law provides various penalties that may be imposed when taxpayers understate their tax liability. If you would like information on the amount or the circumstances of these penalties, please contact us.

Entity Engagement Letter - 2018 Income Tax Return

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Fees and Billings

Unless your return fee has been prepaid as part of your package, our fee for the services outlined above will be based upon the complexity of the work to be performed and the amount of our professional time required at standard billing rates plus out-of-pocket expenses. These fees will be billed to you as of the date we deliver our work to you for review. Payment in full is required prior to submitting your tax returns for electronic or paper filing.

If we do not receive your information at least two weeks prior to the final extended filing deadline, a RUSH FEE of \$150.00 will be charged.

Other Terms

We appreciate the opportunity to be of service to you. Please sign and date this engagement letter where noted below and return it to us via mail, email, or fax to acknowledge your agreement with its terms. It is our policy to initiate service only after we receive the signed engagement letter from you.

If there are other tax returns you expect us to prepare, please inform us in the "Notes" section at the end of your organizer.

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

Very truly yours,

J.R. Martin & Associates

If the foregoing fairly sets forth your understanding, please sign below and return this letter to our office.

Signature

Date

Printed name

Business name

_____ As part of the Tax Cuts and Jobs Act of 2018, additional preparation time may now be required to calculate and report your Qualified Business Income deduction (QBI). Please initial to indicate that you understand that this extra requirement may result in additional fees.

_____ Please initial here if you are not able to provide the required information to us by February 15, 2019 and are requesting that we file an extension for you.

Annual Organizer

PART 1 - GENERAL

YES

NO

1. Were there any changes in business ownership?
 - If YES, provide details below and copies of any new agreements.

2. Do you use QuickBooks?
 - If YES, review your file to be sure it is complete. Note any known issues* with your accounts below for our review. A year-end QuickBooks checklist is available upon request.

Once the file is ready, upload to your portal (see instructions on cover page) and complete the following:

Date uploaded to portal _____ QB version _____

Username _____ Password _____

*Known issues:

- If NO, please provide a balance sheet and a profit & loss statement in excel format.

3. Were there any unusual or complex transactions that occurred during the year?
 - If YES, please explain:

PART 2 - PAYROLL

YES

NO

1. Does the company pay any wages?
 - If YES, provide Form W-3 for the company, and Form W-2 for each shareholder and/or officer.

2. Does the company pay premiums for the officers?
 - If YES, please provide details below:

Officer _____ Amount _____

Officer _____ Amount _____

Officer _____ Amount _____

Officer _____ Amount _____

Annual Organizer

PART 2 - PAYROLL (CONTINUED)**YES****NO**

3. Related to the Work Opportunity Credit*, did you obtain certification for any new employees that qualify for this credit?"
- If YES, please provide:
Completed Form 8850 (Pre-Screening Notice and Certification Request) along with Employee names and amounts paid that qualify in 2018
- *For more information, go to www.irs.gov and search for "work opportunity tax credit."
4. Did you purchase healthcare from the Marketplace (i.e. exchange, Covered California) for your employees during 2018?
- If YES, we will send you a worksheet during preparation to assist us in calculating your credit.
5. Did you take advantage of the California New Employment Credit*?
- If YES, please provide documentation.
- *For more information, go to ftb.ca.gov and search for "new employment credit."
*For small businesses that have aggregate gross receipts, less returns and allowances of less than \$2,000,000 during previous taxable year.

PART 3 - ASSETS & LIABILITIES**YES****NO**

1. Did you reconcile your bank accounts?
- Please provide copies of year-end bank statements and bank reconciliations for all accounts listed on your balance sheet.
2. Does the company maintain inventory?
- If YES, provide inventory amount stated at cost (not retail value) as of the end of the year.
-
3. Did you acquire fixed assets* during the year?
- If YES, please provide the invoices OR a description, the date acquired, and the purchase price.
- *For most companies, fixed assets are defined as purchases of tangible assets over \$2,500.
4. Did you purchase or sell real estate during the year?
- If YES, please provide escrow Final Settlement Statements.
5. Do you maintain business credit cards?
- If YES, ensure all charges have been entered through the end of the year.
6. Do you maintain personal credit cards?
- If YES, ensure all business charges on personal cards have been accounted for.

Annual Organizer

PART 3 - ASSETS & LIABILITIES (CONTINUED)**YES****NO**

7. Does the business have debt?
- If YES, verify amounts on your balance sheet match statements to ensure interest has been recorded OR provide statements if you would like us to record adjustments for you.
*For new loans or leases, provide agreements. YES NO
8. Does the company own or lease vehicles?
- If YES, please provide total miles driven and business miles driven for each vehicle below. Personal use will need to be reported.

_____ YES NO
9. Do owners use personal vehicles in the course of business?
- If YES, it is recommended that the company reimburse the owner to properly record the deduction. YES NO
10. Does the company reimburse the owner?
- If NO, please provide for each vehicle:
Make and model / Total miles driven / Business miles driven

_____ YES NO

PART 4 - EXPENSE AND INCOME ITEMS**YES****NO**

1. Did the company receive 1099-MISC?
- If YES, please provide. YES NO
2. Did the company receive 1099-INT, 1099-DIV, or 1099-B for any brokerage accounts.
- If YES, please provide. YES NO
3. Does your business own interests in other entities?
- If yes, provide K-1s received by the business. YES NO
4. Does the company maintain any employer-owned life insurance policies, or pay for life insurance for any owners or officers (other than through a group life plan)?
- If YES, please provide below for each policy: the owner of the policy, the beneficiary, and the premiums paid.

_____ YES NO
5. Are the meal expenses in your accounting records separated by percentage deductible? (50% vs.100%).
- If NO, please provide total meals to be reclassified to 100% category. YES NO
6. Are the entertainment expenses in your accounting records separated into their own account? Beginning in 2018, entertainment expenses are not deductible. YES NO
7. Did the business make payments that requires it to issue and file forms 1099 to its vendors or payees?
- If YES, did the business file or will it file all required Forms 1099? YES NO

Annual Organizer

MISCELLANEOUS

YES

NO

1. Are any activities conducted outside California, such as: renting property, maintaining employees, performing services, and owning assets in other states?
- If YES, provide the state and the type of activity below:

2. Did the business start a retirement plan during the last three years?
- If YES, please indicate any expenses associated with the plan.

\$ _____

3. Are you planning on making contributions to a retirement plan for this year?
- If YES, provide name of broker and additional contribution to be made.

4. Did you receive correspondence with tax authorities, not already provided to us?
- If YES, please provide copies.

5. Would you like us to contact you regarding tax planning for next year?
- If YES, please check all dates that apply:

Q1 - 4/30

Q2 - 6/30

Q3 - 9/30

6. Are there any other matters you would like us to be aware of?

READY, SET GO!

- I have read and completed each item above, and have verified my financial information to the best of my ability.

- I have returned my signed engagement letter. Please begin preparation of my return.

Signature

Date

Printed name

