____
Date

Mason, Di Marco & Shaw, P.C.
141 Durham Road, Suite 14
Madison, CT 06443
203-245-9264
www.mdscpas.com

____

____

____
(client name and address)

Re: Preparation of Your Individual Tax Return

Dear Client:

This letter confirms the terms of our engagement with you and the nature and extent of services we will provide.

We will prepare your 2020 federal and all state income tax returns that you request using the information you provide to us. We may ask for clarification of some items, but we will not audit or otherwise verify the data you submit. We've enclosed a "Tax Questionnaire" to help you gather the information required for a complete return. Completing the questionnaire will help you to avoid overlooking important information and contribute to the efficient preparation of your returns. You represent that the information you are supplying to us is accurate and complete to the best of you knowledge and that you have disclosed to us all relevant facts affecting the returns. This will include the ownership of or signature authority over any foreign bank accounts and the ownership of any other foreign financial assets.

It is your responsibility to provide the information necessary to prepare complete and accurate returns. You should keep all documents, bank statements, canceled checks, credit card statements and other data that support your reported income and deductions as they may be necessary to prove the accuracy and completeness of the returns to a taxing authority at a later date. You are responsible for the returns, so you should review them carefully before you sign them.

Our work will not include any procedures to discover defalcations or other irregularities. The only accounting or analysis work we will do is that which is necessary for preparation of your income tax returns.

We will use our judgment in resolving questions where the tax law is unclear, or where there may be conflicts between the taxing authorities' interpretations of the law and other supportable positions. Pursuant to new standards prescribed in IRS Circular 230 and IRC 6694, we are forbidden from signing a return unless we have a reasonable belief that a tax position taken on the return has substantial authority with respect to the position unless we disclose this tax position on a separate attachment to the tax return. However, under no circumstances may we sign a tax return that has no reasonable basis.

Your returns may be selected for audit by a taxing authority. Any proposed adjustments are subject to appeal. In the event of a tax examination, we can arrange to be available to represent you. Such representation will be a separate engagement for which an engagement letter will be provided to you. Fees and expenses for defending the returns will be invoiced in accordance with terms we agree on for that engagement.

Our fee for preparation of your tax returns will be based on the amount of time required at standard billing rates plus any out-of-pocket expenses. All invoices are due and payable upon presentation.

As is required your returns will be electronically filed with the federal and applicable state tax authorities. Be aware that the e-file Signature Authorization Statement (Form 8879) must be signed and delivered to our office in order for us to complete this process and file your tax return electronically.

Please drop off, mail or email your tax information to us. Upon receipt of your tax information if a virual meeting is required, we will then contact you to schedule a conference. Note we will be unable to schedule virtual meetings beyond March 31st

We will retain copies of some, but not all of the records that you supply to us along with our work papers for your engagement for a period of five years (three years for former clients). All of your original records will be returned to you at the end of this engagement. You should keep the original records in secure storage.

The information provided will be used for the sole purpose of preparing my (our) tax return. Each item can be substantiated by receipts, canceled checks, or other documents. This information is true, correct, and complete to the best of my (our) knowledge.

To indicate that this letter correctly summarizes your understanding of the arrangements for this work,**please sign this letter** in the space indicated below and include it with the tax information (and Tax Questionnaire) that you're delivering (or mailing) to us.

We appreciate your confidence in us. Please call if you have questions.

Sincerely,

Mason, Di Marco & Shaw, P.C.

Accepted By:

____________________________ _________________

your signature Date

____________________________ __________________

your spouse's signature. Date
(If applicable)

2020 | 1040 | US | Miscellaneous Questions

Please enter your e-mail address ____________________________
Best contact phone number to call ______________________________

CHECKLIST OF COMMON TAX RETURN ITEMS
1) W-2's, 1099's and social security statements
2) Real Estate and Town vehicle taxes paid
3) List any federal and state estimated tax payments made **(please provide canceled checks)**
(Please exclude any overpayments applied from the prior year)

	Federal	CT	Other State(s)	
7/15/20	________	_______	________	________
7/15/20	________	_______	________	________
9/15/20	________	_______	________	________
1/15/21	________	_______	________	________

4) Cost basis on any stocks sold
5) Closing statements on the purchase, sale or refinance of real estate
6) Medical expenses (including 1099's received from HSA and health insurance market place)
7) A voided check for direct deposit (if different from last year)
8) Daycare provider information including address, ID number and amounts paid
9) Mortgage Interest Statements including home equity loan interest statements

THE COMPLETION OF THIS QUESTIONNAIRE IS MANDATORY

Please check the appropriate box and provide additional information if necessary.

PERSONAL INFORMATION

Yes	No	
☐	☐	Did your marital status change during the year?
☐	☐	Are you and your spouse U.S. Citizens? If not, please explain.
☐	☐	Did your address change during the year? If yes, list current address.
☐	☐	Is your bank information the same as last year for a direct deposit of your tax refund? If not, please provide a voided check.

DEPENDENTS

Yes	No	
☐	☐	If your child is required to file an income tax return will you be claiming the child as a dependent? If yes, to prevent delays in processing your tax return please make sure the child doesn't claim themselves as a dependent on their own tax return. (in most cases the dependent should not claim themselves)

2020 | 1040 | US | Miscellaneous Questions

Yes	No	
☐	☐	Were there any changes in dependents? If adding a dependent, please provide the Name, Soc. Sec. # and Date of Birth.
☐	☐	Did you have any children under age 19 or full-time students under the age of 24 at the end of 2020 with interest and dividend income in excess of $1,100, or total investment income in excess of $2,200?

INCOME

Yes	No	
☐	☐	Did you receive any unemployment income? Provide 1099-G which can be found online.
☐	☐	Did you have any foreign income or pay any foreign taxes?
☐	☐	Did you exercise any employer stock options?
☐	☐	Did you have any gambling income? If yes, please provide details and gambling losses (if any). Provide 1099 misc/W-2G.

PURCHASES, SALES AND DEBT

Yes	No	
☐	☐	Did you start a business or farm, purchase rental or royalty property, or acquire an interest in a partnership, S corporation, trust, or REMIC?
☐	☐	Did you purchase or dispose of any business assets (furniture, equipment, vehicles, real estate, etc.), or convert any personal assets to business use?
☐	☐	Did you buy or sell any stocks, bonds or other investment property in 2020? **If so, please attach a statement of cost basis and dates of purchase.**
☐	☐	Did you purchase, sell, or refinance your principal home or second home, or did you take a home equity loan? If yes, please provide the details including the HUD-1
☐	☐	Did you use any of the proceeds for other than improving your principal residence? If yes, please explain.
☐	☐	Did you have any debts canceled or forgiven? Please Elaborate.
☐	☐	Did anyone owe you money which had become uncollectible? Please Elaborate.
☐	☐	Did you purchase any residential energy-efficient, solar energy, wind energy, geothermal, or fuel cell property or improvements? Please provide invoices. (appliances are not eligible for a tax credit)

2020	1040	US	Miscellaneous Questions

RETIREMENT PLANS

Yes	No	
☐	☐	Did you make a contribution to a retirement plan (401(k), IRA, SEP, SIMPLE, Qualified Plan, etc.)?
☐	☐	If you are self employed, did you make or do you want to make, a contribution to a retirment plan (401(k), IRA, SEP, Simple, Qualified Plan, etc.)?
☐	☐	Did you convert part or all of your traditional, SEP, or SIMPLE IRA to a Roth IRA?
☐	☐	Did you withdraw or rollover any amounts from your IRA or other retirement account? If yes, please explain.
☐	☐	If so, was it to acquire a principal residence or pay for qualified higher education expenses?
☐	☐	Did you or your spouse turn age 70 1/2 prior to 2019 or turn age 72 during 2020? If so, did you take the Required Minimum Distribution?

EDUCATION

Yes	No	
☐	☐	Did you receive a distribution from an Education Savings Account or a 529 Plan? If yes, please provide form 1099Q
☐	☐	Did you, your spouse, or a dependent incur any tuition expenses that are required to attend a college, university, or vocational school? If yes, please provide form 1098-T
☐	☐	Did you make a contribution to a college savings plan such as CHET? If so, how much and please provide a copy of the account statements.

ITEMIZED DEDUCTIONS

Yes	No	
☐	☐	Did you incur a loss because of damaged or stolen property? If yes, did you file for and receive insurance proceeds?
☐	☐	Did you pay for long-term care insurance or health insurance? If so, please provide details?

FOR SELF EMPLOYED; RENTAL PROPERTY OWNERS; FARMERS & FISHERMAN

<u>Business car expenses:</u> need to be substantiated with mileage logs and trip sheets for each trip.

Total Mileage________________

Business Mileage____________

2020	1040	US	Miscellaneous Questions

Regarding Charitable Contributions, how much are your deductible contributions made in:

1) Cash: Only list the total amount for which you have receipts. Receipts are required regardless
of the dollar amount, even a $1 contribution. Cash ________________________

2) Check or Credit card: Only list the total amount you can substantiate with:
a) For separate contributions of $250 or more, you must have written acknowledgment from the charity; your canceled check is not enough.
b) For separate contributions under $250, either a bank record or a receipt is required.
Check:______________________ Credit Card:_______________________

3) Clothing and household goods: (must be in good or better condition). Only list the total amount you can substantiate with receipts if the contribution is $250 or greater.
Please list the Fair Market Value of the contribution_______________________
If over $500, please indicate the name and address of the charity.
Name and address____________________________________

4) Other Contributions: Please describe and attach support.
Other____
For tax year 2020 non-itemizers are allowed a deduction up to $300.00

ESTIMATED TAXES

Yes	No	
☐	☐	If you have an overpayment of 2020 taxes, do you want the excess applied to your 2021 estimated tax (instead of being refunded)?
☐	☐	Do you expect a large fluctuation in your 2021 taxable income, deductions, or withholdings? If so, briefly explain.

____
____

MISCELLANEOUS

Yes	No	
☐	☐	Did you have an interest in or signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account? If yes, we may also need to file Form TD F 90-22.1 Report of Foreign Bank and Financial Accounts. Failure to disclose foreign accounts can result in penalties ranging from $10,000 to $100,000.
☐	☐	Did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust or did you have a interest in any foreign assets or accounts?
☐	☐	Was your home rented out or used for business?

2020 | 1040 | US | Miscellaneous Questions

Yes No

☐ ☐ Did you (or someone on your behalf, including your employer) make contributions to a health savings account (HSA) this year? If yes, please provide forms 5498-SA and 1099-SA

☐ ☐ Did you receive any distributions from a health savings account (HSA)? If yes, please provide the 1099-SA.

☐ ☐ Did you incur moving expenses due to a change of employment?

☐ ☐ Did you have any household employees, whom you paid in excess of $1,000 in any quarter, or $2,200 for the entire year?

☐ ☐ Did you purchase goods or services out-of-state without paying state sales tax? If so, please provide a list of items along with the purchase price and sales tax paid to another state(if any).

☐ ☐ Were you notified or audited by either the IRS or a State taxing agency?

☐ ☐ Did you or your spouse make any gifts to an individual that total more than $15,000, or any gifts to a trust?

☐ ☐ For business and rental property owners: Were any payments made in 2020 that would require you to file Form(s) 1099? If yes, we will assume they were timely filed. **If you need our office to assist in filing them by the January 31st deadline please contact our office immediately**

☐ ☐ Did you make a contribution to an ABLE account? (ABLE accounts are for individuals with disabilities) If so, how much?

HEALTH CARE COVERAGE

Yes No

☐ ☐ Did you and your dependents have healthcare coverage for the full-year?

☐ ☐ Did you receive coverage through the health insurance exchange (such as Access Health CT)? If yes, please provide form 1095-A

☐ ☐ Did you recieve, sell, send, exchange or otherwise acquire any financial interest in virtual currency including but not limited to Bitcoin?

CORONAVIRUS AID, RELIEF AND ECONOMIC SECURITY ACT (CARES ACT)

Yes No

☐ ☐ Did you recieve an ecomomic stimulus payment in 2020? if so, how much?

Please list all Federal and State aid; loans; grants received in 2020?

____

____

____

____

☐ ☐ Did you receive a distribution from your retirement plan because of COVID?