

## Form 1041 – U.S. Income Tax Return for Estates and Trusts Engagement Letter

Dear Client:

Thank you for selecting me to prepare your fiduciary income tax returns. I am pleased to have you as a client and look forward to our continued relationship. To minimize the possibility of misunderstandings between us, this letter confirms the terms of the engagement and the nature and extent of the services I will provide.

I will prepare your 2024 federal and California income tax returns using the information you provide to me. I will perform the services in accordance with the Statements on Standards for Tax Services issued by the American Institute of Certified Public Accountants. I will furnish you with questionnaires and/or worksheets as needed to guide you in gathering the necessary information. It is your responsibility to inform me of your tax filing obligations and provide the information required for the preparation of complete and accurate returns, including all worldwide income. I may ask for clarification of some items, but I will not audit or otherwise verify the data you submit. I will not prepare financial statements or perform valuations of any kind. Accordingly, my engagement cannot be relied upon to disclose errors, fraud, or other illegal acts that may exist.

Your returns may be selected for audit by a taxing authority. In the event of a tax examination, you may request that I assist you in responding to such an inquiry. Such additional services are not included in this arrangement and would be billed separately.

It is your responsibility to keep all documents and other data that support your reported income and deductions. You confirm that your personal expenses are segregated from business expenses, and expenses such as meals, travel, entertainment, vehicle use, charitable contributions, and related expenses are supported by necessary records. The documentation may be necessary to prove accuracy and completeness of the returns to a taxing authority. My records and files are my property and not a substitute for your own records.

As a trustee/executor you are responsible for ensuring that all provisions of the trust/will are complied with and all beneficiaries are adequately informed as to fiduciary matters including annual accountings, and are in compliance with applicable provisions of the current California Probate Code. Failure to comply with the trust/will or California Probate Code could result in significant estate, tax, and liability issues. Since you have the final responsibility for the information on the income tax returns, I highly recommend that you review the tax returns carefully before you sign them.

I am not responsible for the disallowance of doubtful deductions, inadequate supporting documentation, nor for resulting taxes, penalties, and interest. You agree that you will not and are not entitled to rely on any advice unless it is provided in writing.

Please note the Internal Revenue Service considers virtual currency (e.g., Bitcoin) and other digital assets (e.g., NFTs) as property for U.S. federal tax purposes. As such, any transactions involving crypto-assets, or transactions that use or exchange virtual currencies, are subject to the same general tax principles that apply to other property transactions. If you had any crypto-asset or virtual currency activity during the tax year, you may be subject to tax consequences associated with such transactions and may have additional foreign reporting obligations. You agree to provide me with complete and accurate information regarding any transactions in crypto-assets or transactions using any virtual currencies during the applicable tax year. Please ask me for advice if you have any questions. If you require additional consulting services to evaluate the specific treatment of digital assets or virtual currency and I agree to perform such services, such services will be covered under a separate agreement.

If your business has employees working remotely in another locality, state and/or foreign country, even on a temporary basis, your company may be viewed as having “nexus” in that location for tax purposes. If a business is deemed to have “nexus” for that location, the business may be obligated to pay additional franchise, income, sales, or use tax, payroll or other business tax, and to comply with other tax or reporting requirements. By your signature below, you understand that management is responsible for tracking the locations where company employees live and work, and determining the tax compliance requirements in those respective locations. Additionally, you are responsible for providing all information necessary to identify (i) all states and foreign countries in which you “do business” or derive income and (ii) the extent of business operations in each relevant state and/or country. You are also responsible for meeting any foreign country income tax or other foreign country reporting requirements. Please note, failure to report foreign activities is severe. If you had a financial interest in or signature authority over a foreign bank account at any time during 2024, please let me know so I can assist you in determining if you have a separate filing requirement.

I may encounter instances where the tax law is unclear or where there may be conflicts between the taxing authorities’ interpretations of the law and other supportable positions. In those instances, I will outline for you each of the reasonable alternative courses of action, including the risks and consequences of each such alternative. In the end, I will adopt on your behalf, the alternative that you select after having considered the information provided by me, so long as it is consistent with the current codes and regulations and their interpretations.

The original filing due date for your tax returns is April 15, 2025. It may become necessary to apply for an extension of the filing due dates if there are unresolved issues, delays in my processing, or if I do not receive all the necessary information from you on a timely basis. Applying for an extension of time to file may limit your ability to make certain elections, extend the time available for a government agency to undertake an examination of your tax returns and/or extend the statute of limitations to file a legal action. If I apply for an extension of time to file by the original due date, you agree to hold my firm harmless from any consequences arising from any election waived. If extensions are filed, all taxes owed are due by the original filing due date. Additionally, extensions may affect your liability for penalties and interest or compliance with governmental or other deadlines.

The law provides various penalties and interest that may be imposed when taxpayers underestimate their tax liability. You acknowledge that any such understated tax and any imposed interest and penalties are your responsibility and that I have no responsibility in that regard. If you would like information on the amount or circumstances of these penalties, please contact me.

You agree to indemnify and hold Paul Gonzalez, CPA harmless with respect to any and all claims arising from the use of the tax returns for any purpose other than filing with the IRS and state and local tax authorities regardless of the nature of the claim, including the negligence of any party. My liability relating to the performance of the services is limited solely to direct damage sustained by you. In no event shall I be liable for the consequential, special, incidental, or punitive loss, damage, or expense caused to you or to any third party (including without limitation, lost profits, opportunity costs, etc.). Notwithstanding the foregoing, the maximum liability relating to the services rendered pursuant to this engagement shall be limited to the fees received by me for this engagement.

I may communicate confidential information by sending data over the Internet or other similar technology. My firm employs measures in the use of technology designed to maintain data security, including the transmission of secure standard messages sent with TLS encryption when available, or an email with a single secure link when TLS is unavailable. As data can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, I cannot guarantee or warrant that emails from me will be properly delivered and read only by the addressee. Therefore, I specifically disclaim and waive any liability or responsibility whatsoever for the interception or unintentional disclosure of emails transmitted by me in connection with the performance of this engagement. If you decide to transmit your confidential information to me in a manner other than a secure portal, you accept responsibility for any and all unauthorized access to your confidential information.

I may utilize a secure online portal purely for the exchange of sensitive information; however, the portal is not intended for the storage of any of your information and you are responsible for maintaining your own copy of the information. I do not provide backup services for any of your data or records, including the information I provide to you. The portal is utilized solely as a method of transferring data and information on the portal may be deleted by me.

In providing services to you, I may require information that is considered confidential and may include Personally Identifiable Information (PII), i.e. information that can be used to distinguish or trace an individual's identity such as address, bank account, and Social Security information. I treat all client information, including PII, as confidential and have a duty to do so based on the standards promulgated by the American Institute of Certified Public Accountants as well as applicable laws and regulations. You agree to only provide me with information, including PII, that is necessary for me to provide services to you in accordance with this Agreement.

In the course of providing services to you, you may request referrals to products or professionals such as attorneys, brokers, or investment advisors. I may identify professional(s) or product(s) for your consideration. However, you are responsible for evaluating, selecting, and retaining any professional or product and determining if the professional or product meets your needs. You agree that I will not oversee the activities of and have no responsibility for the work product of any professional or the suitability of any product I refer to you or that you separately retain. Further, I am not responsible for any services I perform that fail to meet the intended outcomes as a result of relying on the services of other professionals or products you may retain.

My services under this Agreement do not constitute investment advice or legal advice.

My fee for the preparation of your tax returns will be based on the amount of time required at my standard billing rate of \$240 per hour plus costs incurred for tax software, overhead, and other ancillary out-of-pocket costs. All invoices are due and payable upon presentation of the income tax returns. To the extent permitted by law, an interest charge may be added to all accounts not paid within thirty (30) days. My services will be concluded upon delivery to you of your 2024 tax returns for your review and filing with the appropriate taxing authorities. My fee does not include responding to inquiries or examinations by taxing authorities.

When providing services to you or your company, I will be functioning as an independent contractor, and in no event will I or any of my employees be an officer of you, nor will our relationship be that of joint venturers, partners, employer and employee, principal and agent, or any similar relationship giving rise to a fiduciary duty to you.

My obligations under this Agreement are solely the obligations of Paul Gonzalez, CPA, and no partner, principal, employee, or agent of Paul Gonzalez, CPA shall be subjected to any personal liability whatsoever to you or any person or entity.

Each party hereto agrees that any electronic signature that is intended to authenticate a written signature, shall be valid, and shall have the same force and effect as a manual signature. For purposes hereof, "electronic signature" includes, but is not limited to, a scanned copy of a manual signature, an electronic copy of a manual signature affixed to a document, a signature incorporated into a document utilizing touchscreen capabilities, or a digital signature. Documents may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement.

If any provision of this letter is unenforceable, the remaining provisions shall be enforced to the fullest extent possible. Notwithstanding anything contained herein, both accountant and client agree that regardless of where the client is domiciled and regardless of where this Agreement is physically signed, this Agreement shall have been deemed to have been entered into in San Luis Obispo County, California, and San Luis Obispo County, California shall be the exclusive jurisdiction for resolving disputes related to this Agreement. This Agreement shall be interpreted and governed in accordance with the Laws of California. I reserve the right to withdraw from this engagement without completing the tax returns for any reason, including, but not limited to, non-payment of fees, your failure to comply with the terms of this Agreement, or as I determine professional standards require. If my work is suspended or terminated, you agree that I will not be responsible for your failure to meet governmental and other deadlines, or for any liability, including but not limited to, penalties or interest that may be assessed against you resulting from your failure to meet such deadlines.

Some states and local jurisdictions offer read-only or telephone access to information that may be helpful in preparing your income tax returns, such as details of the dates and amounts of income tax payments and real property tax payments made during the year. I use this information to verify and supplement the information provided by you. By your signature below, you authorize me to access this information on your behalf for use in the preparation of your income tax returns. A copy of my Privacy Policy is included, as required by the Federal Trade Commission.

To affirm this letter correctly summarizes your understanding of the arrangements for this work, please sign in the space indicated and return it to me. I am available to discuss this letter with you at your convenience. Work will not commence until I receive the signed engagement letter. A copy of this letter is available on my website at PasoRoblesCPA.com. I appreciate your confidence and the opportunity to be of service.

Sincerely,



Paul Gonzalez, CPA

Accepted By:

\_\_\_\_\_  
Signature

Date: \_\_\_\_\_

\_\_\_\_\_  
Fiduciary name