



## CORPORATION TAX RETURN ENGAGEMENT LETTER

Dear Client:

This letter is to confirm and specify the terms of our engagement for the year ended December 31, 2015 and to clarify the nature and extent of the services we will provide.

Our engagement will be designed to perform the following services:

1. Prepare the federal and resident state income tax returns with supporting schedules from information that you will provide to us. *If you have taxable activity in a state other than your resident state, you are responsible for providing our firm with all information necessary to prepare any additional applicable state(s) or local income tax returns.*
2. Perform any bookkeeping necessary for preparation of the income tax returns.

Our work in connection with the preparation of your income tax returns does not include any procedures designed to discover defalcations or other irregularities, should any exist. However, should we find any irregularities or unusual items we will bring them to your attention. If we discover any errors or omissions on a prior year return we will also bring that to your attention.

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. Unless otherwise instructed by you, we will resolve such questions in your favor whenever possible.

The law provides various penalties that may be imposed when Corporations understate its tax liability. If you would like information on these penalties, please contact us.

Management is responsible for the proper recording of transactions in the books of accounts, for the safeguarding of assets, and for the substantial accuracy of the financial records. **You have the final responsibility for the income tax returns and, therefore, you should carefully review them before you sign and file them.**

The filing deadline for the tax return is **March 15**. In order to meet this filing deadline, the information needed to complete the return should be received in this office no later than **February 1** or it may be necessary to file an extension.

**If an extension of the time is required, corporations that may have tax due with the return must pay with the extension. Any amounts not paid by the filing deadline may be subject to interest and late payment penalties.**

Your returns may be selected for review by taxing authorities. Any proposed adjustments by the examining agent are subject to certain rights of appeal. In the event of such governmental tax examination, we will be available, upon request, to represent you under a separate engagement letter and fee.

Our fee for these services will be based upon the amount of time required at standard billing rates plus out-of-pocket expenses. All invoices are due and payable upon presentation.

It is our policy to keep records related to this engagement for seven years. However, Donovan does 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 seven-year period, Donovan shall be free to destroy our records related to this engagement.

This engagement letter does not cover the preparation of any financial statements. Any services related to the preparation of financial statements will be addressed in a separate engagement letter.

If the foregoing fairly sets forth your understanding, please sign this letter in the space indicated and return it to our office.

We want to express our appreciation for this opportunity to serve you.

Very truly yours,

DONOVAN

Accepted By: \_\_\_\_\_

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

Title: \_\_\_\_\_

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

Comments or additional requests: \_\_\_\_\_

\_\_\_\_\_

# CORPORATION TAX ORGANIZER

Corporation: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 Telephone: \_\_\_\_\_  
 Email: \_\_\_\_\_

	Included	N/A
1. A signed copy of the corporation tax return engagement letter.	_____	_____
2. Copies of financial statements, trial balances, and summary of income and expenses for the year OR A complete back-up of the Corporation's QuickBooks file. Please provide: User Name: _____ Password: _____	_____	_____
3. Bank statements and reconciliations at year end for all bank accounts.	_____	_____
4. Accounts receivable year end detail and balance.	_____	_____
5. Accounts payable year end detail and balance.	_____	_____
6. Inventory balance, at cost, and the date physical inventory was taken.	_____	_____
7. Copies of invoices for any equipment purchases over \$500 during the year.	_____	_____
8. Detail for any assets sold, disposed of, or traded during the year.	_____	_____
9. Copies of any new leases for vehicles, equipment, or office space.	_____	_____
10. Copies of any new bank loans obtained during the year.	_____	_____
11. Loan balances for each business loan at year end.	_____	_____
12. Copies of year end payroll reports and forms (if not prepared by Donovan).	_____	_____
13. Business mileage on the Corporation owners' personal vehicles.	_____	_____
14. If the Corporation paid health insurance premiums for any of the owners, please provide the amount paid for each owner and whether or not it was included on the owner's W-2.	_____	_____
15. If the Corporation paid life insurance premiums for any of the owners, please provide the amount paid for each owner.	_____	_____
16. If the Corporation had sales in multiple states, please provide the physical addresses, a breakdown of sales, payroll, rent expense and depreciable asset purchases by state.	_____	_____

	Included	N/A
17. Copies of any federal or state tax correspondence received throughout the year.	_____	_____
18. Information on any changes in ownership, stock holding or number of locations.	_____	_____
19. Copies of all K-1 Schedules, 1099 Forms and any other information returns reflecting amounts reported to the IRS that were <u>received</u> by the Corporation. NOTE: The IRS matches information returns with amounts reported on income tax returns. Penalties may be assessed where there is unreported income.	_____	_____
20. List of charitable contributions made during the year by organization, date and amount. NOTE: You must have receipts for all contributions. You must have written acknowledgment from the charity for each contribution over \$250.	_____	_____
	YES	NO
21. Do the shareholders owning 80% or more of this Corporation also own 80% or more of any other corporation?	_____	_____
22. Did the Corporation at any time during the year have an interest in a foreign bank or financial account?	_____	_____
23. Did any foreign person, at any time during the tax year, own directly or indirectly, 25% or more of the total value of stock or voting power of the Corporation?	_____	_____
24. Did the Corporation restructure any outstanding debt or have any debt forgiven this year?	_____	_____
25. Did the Corporation make political contributions during this tax year?	_____	_____
26. Is the Corporation the beneficiary of any life insurance policies on any employees?	_____	_____



December 28, 2015,

To our 1099 Clients:

As the year draws to a close, we want to take this opportunity to discuss the filing requirements for IRS Form 1099s.

In our role as your tax accountant, it is our responsibility to notify you of changes within the IRS that could have a direct effect on you. One of these changes has been the use of information returns as a centerpiece in the IRS enforcement efforts. The 1099 form is a major part of the IRS Reporting Program. The purpose of the 1099 form is to track payments by businesses to other taxpayers.

In essence, the IRS is using the information you provide them to crosscheck your vendors and suppliers to make sure they are reporting all their income you paid them.

Form 1099-MISC for business payments to individuals during 2015 must be postmarked by January 31, 2016. This includes rent, custom work or machine hire, contract labor, legal services and other similar payments of \$600 or more, or if you paid interest to an individual of more than \$10 in a calendar year. This also includes rent and interest you paid to your spouse. Note that you are not required to send Form 1099 to a corporation or a limited liability company (LLC) that is treated as a C or S Corporation. (The tax classification of the LLC can be obtained from the W-9 vendors are required to fill out for you.) Please note that the exemption from reporting payments made to corporations does not apply to payments for legal services.

The penalty for not filing these returns is \$50.00 for each payment that is not reported by January 31, 2016. For intentional disregard of this law, the penalty is 10% of the payment. The IRS will enforce these penalties.

The Social Security number and address are required for each individual. If your payment went to a business, please use its tax identification number instead of a social security number.

If you would like us to prepare your 1099s for you, please fill out the attached worksheet, and return it to us by January 8, 2016, in order to allow time to meet the January 31, 2016 deadline.

If you have any questions please email Greg at [gspingirth@cpadonovan.com](mailto:gspingirth@cpadonovan.com) or call him at 317-745-6411, Ext 122.

Sincerely,

A handwritten signature in dark ink that reads 'DONOVAN' in a cursive, slightly stylized font.

Donovan

## 1099 Worksheet for 2015

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

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

Telephone Number: \_\_\_\_\_

Email address: \_\_\_\_\_

Federal EIN or Soc Sec No.: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Donovan to mail 1099s

to recipients?

Yes, Donovan to mail.  No, client to mail.

**Please return to us no later than Friday, January 8, 2016**

Email completed worksheet to [gspringirth@cpadonovan.com](mailto:gspringirth@cpadonovan.com)

Or

Fax to 317-745-6545

Or

Mail to Donovan, Attn: Greg, 5151 E. US Hwy 36, Avon, IN 46123-6628

For any questions pertaining to this worksheet and/or your filing requirements for form 1099, please contact Greg Springirth at 317-745-6411, Ext 122.





## CHANGES REGARDING BUSINESS PERSONAL PROPERTY TAX ASSESSMENT

As you may already know, beginning January 1, 2016 the personal property tax rules for those taxpayers with tangible personal property costing less than \$20,000 have changed. There is no longer going to be a requirement to file forms 103 and 104. However, they will be required to file a notarized certification form with the county assessor by May 15, 2016. This certification must be filed annually. **We will prepare this form for you if we have prepared forms 103 and 104 for you in the past.** If you do not wish for us to prepare this certification please let us know by contacting Terry Woodrum at 317-745-6411 or [twoodrum@cpadonovan.com](mailto:twoodrum@cpadonovan.com).