



Donovan CPAs

2021 S CORPORATION TAX PACKET

Enclosed in this packet you will find various forms to assist you in gathering the information necessary to prepare current year tax returns for your business. Please read the information contained in this packet carefully as there are some items that are time sensitive depending on the applicable due date.

- S Corporation Tax Return Engagement Letter
- S Corporation Tax Organizer
- Personal Property Tax Information

The due date for filing a S Corporation income tax return with a calendar year end is March 15.

We look forward to working with you. Should you have any questions regarding any items, please do not hesitate to contact us.

Sincerely,

DONOVAN



Donovan CPAs

S 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, 2021 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 taxpayers understate their tax liability. The tax attributes of an S Corporation flow through to the shareholders; therefore the penalty for substantial understatement of tax relating to the S Corporation may be imposed at the shareholder level.

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.**

You authorize that any and all information furnished to us for or in connection with the preparation of tax returns under this engagement letter may, for a period of up to three years from the date of this engagement letter, be disclosed to Confiance, LLC, located outside the United States, engaged directly or indirectly in providing tax planning or preparation of tax returns. Disclosures under this paragraph may consist of all information contained in tax returns. If you wish to request a limited disclosure of tax return information, you must inform us. You acknowledge that your tax return information may be disclosed to our affiliates, related entities or subcontractors located outside the United States.

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.

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 fees.

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. Invoices that are over 30 days past due will be charged a service charge of 1.5% per month

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: _____

Signature: _____

Company Name: _____

Title: _____

Date: _____

2021 S CORPORATION TAX ORGANIZER

S Corporation: _____
 Address: _____
 Telephone: _____
 Email: _____

	Included	N/A
1. A signed copy of the S 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 S 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 \$2500 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 S Corporation owners' personal vehicles.	_____	_____
14. If the S 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 S Corporation paid life insurance premiums for any of the owners, please provide the amount paid for each owner.	_____	_____

Included N/A

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| 16. If the S Corporation had sales in multiple states, please provide the physical addresses, a breakdown of sales, payroll, rent expense and depreciable asset purchases by state. | _____ | _____ |
| 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 received by the S 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. | _____ | _____ |
| 21. A copy of the 2020 Form W-3 filing | _____ | _____ |
| | YES | NO |
| 22. Do the shareholders owning 80% or more of this S Corporation also own 80% or more of any other S Corporation? | _____ | _____ |
| 23. Did the S Corporation at any time during the year have an interest in a foreign bank or financial account? | _____ | _____ |
| 24. 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 S Corporation? | _____ | _____ |
| 25. Did the S Corporation restructure any outstanding debt or have any debt forgiven this year? | _____ | _____ |
| 26. Did the S Corporation make political contributions during this tax year? | _____ | _____ |
| 27. Is the S Corporation the beneficiary of any life insurance policies on any employees? | _____ | _____ |



Donovan CPAs

PERSONAL PROPERTY TAX INFORMATION

Dear Client:

Please note the changes regarding business personal property tax assessment:

As of January 1, 2021, taxpayers with tangible personal property costing less than \$80,000, will no longer be required to file form 104. Taxpayers will still be required to file form 103 with the County Assessor by **May 15** of each year. We will prepare this form for you if we have completed forms 103 and 104 for you in the past.

Please provide the following no later than April 15, 2022:

- Inform our firm if you plan to be out of town the 2nd week of May. We want to ensure your completed, signed return will arrive at the County Assessor's office in a timely manner.
- Have all pertinent documentation to our office, even if your business tax return has been extended.
- Provide all current equipment leases.
- Notify us if the address of the property being assessed has changed since the prior personal property tax was filed.

We are grateful for the loyal trust that you continue to have in the Personal Property Tax services that we offer. If you no longer require Personal Property Tax preparation, please contact Todd Decker at (317)-745-6411 or tdecker@cpadonovan.com. Thank you for allowing our staff to continually meet your tax needs. It is our goal to exceed our clients' expectations.

Yes, I want Donovan to prepare my 2022 personal property tax return(s).

No, I do not want Donovan to prepare my 2022 personal property tax return(s).

Signature _____

www.cpadonovan.com

Westside Office | 5151 E. US Hwy 36, Avon, IN 46123 | 317.745.6411

Northside Office | 9292 N. Meridian Street, Suite 150, Indianapolis, IN 46260 | 317.844.8300