

Name _____

2024 1065 Partnership/LLC Income Tax Return Engagement Letter

We are pleased to confirm our understanding of the terms and objectives of our engagement and the nature and limitation of the services we will provide.

Please read this letter carefully because it is important to both our firm and you that you understand what you can and cannot expect from our work. In other words, we want you to know the limitations of the services you have asked us to perform. If you are confused by this letter or believe we have misunderstood what you need, please call to discuss this letter before you sign it.

Engagement Objective & Scope

We will prepare your **2024** Federal and State Form 1065, U.S. Return of Partnership Income, and related income tax schedules from the information you furnish us. We will rely upon the completeness and accuracy of the information and representations you provide to us to prepare your tax returns. We have not been engaged to and will not prepare financial statements. We will not audit or otherwise verify the data you submit to us, although we may ask you to clarify certain information. One State return will be prepared for the state where you have your primary physical address/operations. If income is produced in a non-resident state, nexus may need to be determined and may require a separate engagement letter. Our engagement does not include any procedures designed to detect errors, fraud, theft, or other wrongdoing. Therefore, our engagement cannot be relied upon to disclose such matters.

In addition, we are not responsible for identifying or communicating deficiencies in your internal controls. You are responsible for developing and implementing internal controls applicable to your operations. Assisting you with your compliance with the Corporate Transparency Act ("CTA"), including beneficial ownership information ("BOI") reporting, is not within the scope of this engagement. You have sole responsibility for your compliance with the CTA, including its BOI reporting requirements and the collection of relevant ownership information. We shall have no liability resulting from your failure to comply with CTA. Information regarding the BOI reporting requirements can be found at <https://www.fincen.gov/boi>. Consider consulting with legal counsel if you have any questions regarding the applicability of the CTA's reporting requirements and issues surrounding the collection of relevant ownership information.

Client Responsibility

By submitting this Engagement Letter, you agree that you will be completely truthful with us. This means you agree to make full and honest disclosure of all pertinent facts. You further warrant that you have used all reasonable efforts to maintain books and records that actually and accurately reflect all transactions. You agree to release, indemnify, defend and hold us harmless from any liability or costs, including attorneys' fees, resulting from knowing misrepresentations by you or from use of the tax returns for any purpose other than filing with the IRS, state and local tax authorities regardless of the nature of the claim. You have complied with all documentation requirements of income and deductions as required by law for all items of income and deductions which includes but is not limited to mileage logs, properly worded receipts for charitable deductions or verification of education expenses paid, among others. You have the final responsibility for the accuracy of your tax returns. You agree to review and examine them carefully for accuracy and completeness. You will be required to review and sign a completed **Form 8879-PE, IRS e-file Signature Authorization**, and any similar state and local equivalent authorization form before your returns can be filed electronically.

Partnership or Limited Liability Company (LLC) agreement

You should review your partnership (or LLC) agreement with your attorney to ensure that it addresses the significant changes to the partnership audit regime that generally apply to partnership returns filed after 2018. These changes include, but are not limited to the following:

- Replacement of a “tax matters partner” with a “partnership representative,”
- Current partners being held responsible for tax liabilities of prior partners,
- The partnership being held responsible for remittance of additional tax, rather than individual partners being taxed, and
- Numerous elections or opt-outs that the “partnership representative” may direct us to make.

You should review your partnership or LLC agreement to ensure that it meets your goals for the transfer of ownership and distribution of income. Often, partnership agreements fail to address the transfer of ownership or may require updating as circumstances change. A review of your partnership or LLC agreement is not within the scope of this engagement.

Tax basis schedules

The tax return may be required to disclose the partner’s capital account analysis as prepared on the tax basis method using the transactional approach. This analysis is necessary to determine the partner’s ability to deduct losses, calculate the gain on the sale of a partnership interest, and for other calculations. As a result, properly calculating the partner’s capital account is necessary for preparation of partner tax returns. Unless told otherwise, we will rely upon the historical balances disclosed on last year’s tax return. If these balances cannot be relied upon and you ask us to prepare this analysis, and we agree, we will confirm this service in a separate written agreement.

Documentation

It is our policy to keep records related to this engagement for four (4) years, after which they are destroyed. However, Core Tax Strategies does not keep any original client records, so we will return those to you at the completion of the services rendered under this engagement. You are responsible for maintaining adequate documentation to substantiate the accuracy and completeness of your tax returns. Our records are not a substitute for yours. You should retain all documents that provide evidence and support for reported income, credits, deductions, and other information on your returns, as required under applicable tax laws and regulations. You represent that you have such documentation and can produce it, if necessary, to respond to any audit or inquiry by tax authorities. You will be responsible for any liability, including but not limited to, additional tax, penalties, interest and related professional fees, resulting from the disallowance of tax deductions due to inadequate documentation.

Personal Expenses

You are responsible for ensuring that personal expenses, if any, are segregated from business expenses and that expenses such as meals, travel, vehicle use, gifts, and related expenses are supported by documentation and records required by the IRS and other tax authorities. At your written request, we are available to provide you with written answers to your questions on the types of supporting records required.

U.S. Filing Obligations Related to Foreign Investments

Based on the information you provide, you may have additional filing obligations, including but not limited to:

- Ownership of or an officer relationship with respect to certain foreign corporations (Form 5471);
- Foreign-owned U.S. corporation or domestic disregarded entity (Form 5472);
- Foreign corporation engaged in a U.S. trade or business (Form 5472);
- U.S. transferor of property to a foreign corporation (Form 926);

- U.S. person with an interest in a foreign trust (Forms 3520 and 3520-A);
- U.S. person with interests in a foreign partnership (Form 8865);
- U.S. person with interests in a foreign disregarded entity (Form 8858); or
- Statement of specified foreign assets (Form 8938).

You are responsible for informing us of all foreign assets owned directly or indirectly, including but not limited to financial accounts with foreign institutions, other foreign non-account investments, and ownership of any foreign entities, regardless of amount. If upon review of the information you have provided to us, including information that comes to our attention, we believe that you may have additional filing obligations, we will notify you.

You agree to indemnify and hold us 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, state and local tax authorities regardless of the nature of the claim, including the negligence of any party, excepting claims arising from the gross negligence or intentional wrongful acts of Core Tax Strategies, Inc.

Failure to timely file the required forms may result in substantial civil and/or criminal penalties. By your signature below, you agree to provide us with complete and accurate information regarding any foreign investments in which you have a direct or indirect interest, or over which you have signature authority, during the above referenced tax year.

The foreign reporting requirements are very complex. If you have any questions regarding the application of the reporting requirements for your foreign interests or activities, please ask us and we will respond in writing. You will be responsible for penalties associated with the failure to file or untimely filing of any of these forms.

Foreign Filing Obligations

You are responsible for complying with the tax filing requirements of any other country. You acknowledge and agree that we have no responsibility to raise these issues with you and that foreign filing obligations are not within the scope of this engagement.

Digital Assets

There are specific tax implications of investing in digital assets (e.g., virtual currencies such as Bitcoin, non-fungible tokens, virtual real estate, and similar assets). The IRS considers these to be property for U.S. federal income tax purposes. As such, any transactions in, or transactions that use, digital assets are subject to the same general tax principles that apply to other property transactions.

If you transacted in digital assets during the tax year, you may have tax consequences and/or additional reporting obligations associated with such transactions. You agree to provide us with complete and accurate information regarding any transactions in, or transactions that have used, digital assets during the applicable tax year. If you have any questions regarding your digital assets and/or transactions, please ask us, and we will respond in writing.

Tax Planning

The engagement does not include any services not specifically stated in this letter, including tax planning services. During the preparation of the tax returns identified above, we may bring to your attention potential tax savings strategies for you to consider as a possible means of reducing your taxes in subsequent tax years. However, we have no responsibility to do so and will take no action with respect to such recommendations as the responsibility for such implementation remains with you. We would be pleased to consult with you and it is our recommendation that you obtain this information and engage us separately for that service.

Privacy & Disclosure

If we are asked to disclose any privileged communication, unless we are required to disclose the communication by law, we will not provide such disclosure until you have had an opportunity to argue that the communication is privileged. You agree to pay any and all reasonable expenses that we incur, including legal fees, that are a result of attempts to protect any communication as privileged. We recommend that you contact us before releasing any privileged information to a third party.

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee.

Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us/to us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

E-filing

In addition to being a return preparer, we are an Electronic Return Originator (ERO) and may prepare your return(s) and/or extension(s) in a format that permits us to electronically transmit ("e-file") those forms to the appropriate tax authority on your behalf. The e-filing of any form is a separate service from the preparation of that form.

If you request that we e-file any form on your behalf, including requests for extensions of time to file, the IRS and states require you to sign and return to us the appropriate governmental form(s) before your returns can be filed electronically. **If you fail to timely sign and return e-file authorization, we cannot and will not e-file any form on your behalf.** In those situations, you will be solely responsible for any penalties or interest assessed against you.

If your return(s) or extension(s) cannot be e-filed, we will deliver to you a paper copy suitable for mailing to the taxing authorities. Once delivered to you, you bear full responsibility for reviewing the paper returns for accuracy, and either signing and timely filing them, along with any payments due, or notifying us of any issue which may need to be addressed prior to filing.

Once our services have concluded, we shall have no obligation to notify you of future tax law developments affecting your return(s) except as may be required by Circular 230 or the SSTS related to errors we identify.

Professional Fees

Billings become delinquent if not paid within 30 days of the invoice date. If billings are not paid within 60 days of the invoice date, at our election, we will stop all work until your account is brought current, or we will withdraw from this engagement. You acknowledge and agree that we are not required to continue work in the event of your failure to pay on a timely basis for services rendered as required by this engagement letter.

You further acknowledge and agree that in the event we stop work or withdraw from this engagement as a result of your failure to pay on a timely basis for services rendered as required by this engagement letter, we shall not be liable to you for any damages that occur as a result of our ceasing to render services. Our

services will conclude upon delivery of the completed income tax returns discussed above or upon our suspension of services or resignation from the engagement.

If any dispute arises among the parties hereto, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its *Rules for Professional Accounting and Related Services Disputes*. If the parties are unable to resolve the dispute through mediation within 60 days from the date notice is first given from one party to the other as to the existence of such a dispute and the demand to mediate, then they may proceed to resolve the matter by arbitration.

Costs of any mediation proceeding shall be shared equally by all parties.

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 at the Accountant's office located in _____ 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 Pennsylvania.

You also agree that our liability arising from this engagement shall be limited to the lesser of any actual damages which may have been caused by acts, errors, or omissions in violation of our professional duties in all material respects, or the amount of the fees which you pay for our services. Our fee does not include responding to inquiries or examination by taxing authorities. However, we are available to represent you and our fees for such services are at our standard rates and would be covered under a separate engagement letter.

The filing deadline for the tax return is **March 15, 2025**. In order to meet this filing deadline, the information needed to complete the return should be received in this office no later than **February 28, 2025**. If we have filed your return in the past and we do not have your information by **February 28th**, an extension of the time will be filed on your behalf.

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We appreciate the opportunity to serve you. Please sign and date this letter to acknowledge your agreement and acceptance of your responsibilities and the terms of this engagement. It is our policy to initiate services after we receive the executed engagement letter. If any provision of this agreement is declared invalid or unenforceable, no other provision of this agreement is affected, and all other provisions remain in full force and effect.

Sincerely,

_____ (Signature) _____ (Date) General Manager or LLC Member Manager
