

STEP 1

ENGAGEMENT LETTER

Adams Samartino & Company, PC
PO Box 273
Bristol, CT 06011-0273
860-583-8675

Dear Client:

This letter is to confirm and specify the terms of our engagement with you and to clarify the nature and extent of the services we will provide. In order to ensure an understanding of our mutual responsibilities, we ask all clients for whom returns are prepared to confirm the following arrangements.

We will prepare your 2017 federal and resident income tax returns from information which you will furnish to us. We will not audit or otherwise verify the data you submit, although it may be necessary to ask you for clarification of some of the information. We will furnish you with questionnaires and worksheets to guide you in gathering the necessary information. Your use of such forms will assist in keeping the fee to a minimum.

This engagement does not include any other tax returns that you may be required to file such as Form 114, Report of Foreign Bank and Financial Accounts (FBAR). If you have additional filing requirements, please contact our office so that a separate engagement letter may be prepared.

It is your responsibility to provide all the information required for the preparation of complete and accurate returns. You should retain all the documents, cancelled checks and other data that form the basis of income and deductions. These may be necessary to prove the accuracy and completeness of the returns to a taxing authority. You have the final responsibility for the income tax returns and, therefore, you should review them carefully before you sign them.

Our work in connection with the preparation of your income tax return does not include any procedures designed to discover defalcations and/or irregularities, should any exist. We will render such accounting and bookkeeping assistance as determined to be necessary for preparation of the income tax returns.

The law provides various penalties that may be imposed when taxpayers understate their tax liability. If you would like information on the amount or the circumstances of these penalties, please contact us.

Your returns may be selected for review by the taxing authorities. Any proposed adjustments by the examining agent are subject to certain rights of appeal. In the event of such government tax examination, we will be available upon request to represent you and will render additional invoices for the time and expenses incurred.

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 past due will incur a monthly finance charge of 1.50 percent. In the unlikely event we should incur legal or other costs to collect our fee, you agree to reimburse us for such costs.

By signing this engagement letter, you have agreed to the fair allocation of risk between us. As such, you agree, to the fullest extent permitted by law, to limit the liability of our firm to you for any and all claims, losses, costs and damages of any nature whatsoever, so that the total aggregate liability of our accounting firm shall not exceed our firm's total fee for services rendered under this agreement. Both parties agree that there is a one-year limitation period to bring a claim against us for errors or omissions. The one-year period will begin upon the date of the tax professional's signature on the tax returns covered by this engagement letter.

If the foregoing fairly sets forth your understanding, please sign in the space indicated and return it to our office. However, if there are other tax returns you expect us to prepare, please inform us by noting so at the end of the return copy of this letter.

We want to express our appreciation for this opportunity to work with you.

Very truly yours,

Adams Samartino & Company, PC

Accepted By: Taxpayer - _____

Print Name - _____

Spouse - _____

Print Name - _____

Date - _____

You agree to the use of the last five digits of your social security number for your tax return pin on Form 8879

STEP 2

CLIENT QUESTIONNAIRE

ANY QUESTIONS NOT ADDRESSED WILL BE DEEMED ANSWERED NO

PLEASE PROVIDE DOCUMENTATION FOR ANY QUESTION ANSWERED YES

	Yes	No
<u>Personal Information</u>		
Did your marital status change during the year?	<input type="checkbox"/>	<input type="checkbox"/>
If yes, explain: _____		
Did your address change from last year?	<input type="checkbox"/>	<input type="checkbox"/>
If yes, when did you move? _____		
New address? _____		

Did you get married to a same-sex spouse in a state that legally recognizes same-sex marriage?	<input type="checkbox"/>	<input type="checkbox"/>
If yes, which state: _____ Date of Marriage: _____		
Can you be claimed as a dependent by another taxpayer?	<input type="checkbox"/>	<input type="checkbox"/>
Did you change any bank accounts, or did routing transit numbers (RTN) and/or bank account number change for existing bank accounts that have been used to direct deposit (or direct debit) funds from (or to) the IRS or other taxing authority during that tax year?	<input type="checkbox"/>	<input type="checkbox"/>
If yes, please provide a voided check or the following information;		
Bank Name: _____		
Routing # _____ Account # _____		
Did you receive an Identity Protection PIN (IP PIN) from the IRS or have you been a victim of identity theft? If yes, attach the IRS letter.	<input type="checkbox"/>	<input type="checkbox"/>
<u>Dependent Information</u>		
Were there any changes in dependents from the prior year?	<input type="checkbox"/>	<input type="checkbox"/>
If yes, explain: _____		
Do you have any children under age 19 or a full-time student under age 24 with unearned income in excess of \$2,100?	<input type="checkbox"/>	<input type="checkbox"/>
Do you have dependents who must file a tax return?	<input type="checkbox"/>	<input type="checkbox"/>
Did you provide over half the support for any other person(s) other than your dependent children during the year?	<input type="checkbox"/>	<input type="checkbox"/>
Did you pay for child care while you worked or looked for work?	<input type="checkbox"/>	<input type="checkbox"/>
Did you pay any expenses related to the adoption of a child during the year?	<input type="checkbox"/>	<input type="checkbox"/>
If you are divorced or separated with child(ren), do you have a divorce decree or other form of separation agreement which establishes custodial responsibilities?	<input type="checkbox"/>	<input type="checkbox"/>
Did any dependents receive an Identity Protection PIN (IP PIN) from the IRS or have they been a victim of identity theft? If yes, attach the IRS letter	<input type="checkbox"/>	<input type="checkbox"/>
<u>Purchases, Sales and Debt Information</u>		
Did you start a new business or purchase rental property during the year?	<input type="checkbox"/>	<input type="checkbox"/>
Did you acquire a new or additional interest in a partnership or S corporation?	<input type="checkbox"/>	<input type="checkbox"/>
Did you sell, exchange, or purchase any real estate during the year?	<input type="checkbox"/>	<input type="checkbox"/>
Did you purchase or sell a principal residence during the year?	<input type="checkbox"/>	<input type="checkbox"/>
Did you foreclose or abandon a principal residence or real property during the year?	<input type="checkbox"/>	<input type="checkbox"/>
Did you acquire or dispose of any stock during the year?	<input type="checkbox"/>	<input type="checkbox"/>
Did you take out a home equity loan this year?	<input type="checkbox"/>	<input type="checkbox"/>
Did you refinance a principal residence or second home this year?	<input type="checkbox"/>	<input type="checkbox"/>

	Yes	No
Did you sell an existing business, rental, or other property this year?	<input type="checkbox"/>	<input type="checkbox"/>
Did you lend money with the understanding of repayment in this year and it became totally uncollectable?	<input type="checkbox"/>	<input type="checkbox"/>
Did you have any debts cancelled or forgiven this year, such as a home mortgage or student loan(s)?	<input type="checkbox"/>	<input type="checkbox"/>
Did you purchase a qualified plug-in electric drive vehicle or qualified fuel cell vehicle this year?	<input type="checkbox"/>	<input type="checkbox"/>

Income Information

Did you have any foreign income or pay any foreign taxes during the year, directly or indirectly, such as from investment accounts, partnerships or a foreign employer?	<input type="checkbox"/>	<input type="checkbox"/>
Did you receive any income from property sold prior to this year?	<input type="checkbox"/>	<input type="checkbox"/>
Did you receive any unemployment benefits during the year?	<input type="checkbox"/>	<input type="checkbox"/>
Did you receive any disability income during the year?	<input type="checkbox"/>	<input type="checkbox"/>
Did you receive tip income not reported to your employer this year?	<input type="checkbox"/>	<input type="checkbox"/>
Did any of your life insurance policies mature, or did you surrender any policies?	<input type="checkbox"/>	<input type="checkbox"/>
Did you receive any awards, prizes, hobby income, gambling or lottery winnings?	<input type="checkbox"/>	<input type="checkbox"/>
Do you expect a large fluctuation in income, deductions, or withholding next year?	<input type="checkbox"/>	<input type="checkbox"/>

Retirement Information

Are you an active participant in a pension or retirement plan?	<input type="checkbox"/>	<input type="checkbox"/>
Did you receive any Social Security benefits during the year?	<input type="checkbox"/>	<input type="checkbox"/>
Did you make any withdrawals from an IRA, Roth, Keogh, SIMPLE, SEP, 401(k), or other qualified retirement plan?	<input type="checkbox"/>	<input type="checkbox"/>
Did you receive any lump-sum payments from a pension, profit sharing or 401(k) plan?	<input type="checkbox"/>	<input type="checkbox"/>
Did you make any contributions to an IRA, Roth, Keogh, SIMPLE, SEP, 401(k), or other qualified retirement plan?	<input type="checkbox"/>	<input type="checkbox"/>

Education Information

Did you, your spouse, or your dependents attend a post-secondary school during the year, or plan to attend one in the coming year?	<input type="checkbox"/>	<input type="checkbox"/>
Did you have any educational expenses during the year on behalf of yourself, your spouse, or a dependent?	<input type="checkbox"/>	<input type="checkbox"/>
Do you have documentation to substantiate the educational expenses?	<input type="checkbox"/>	<input type="checkbox"/>
Did anyone in your family receive a scholarship of any kind during the year?	<input type="checkbox"/>	<input type="checkbox"/>
Did you make any withdrawals from an education savings or 529 Plan account?	<input type="checkbox"/>	<input type="checkbox"/>
Did you pay any student loan interest this year?	<input type="checkbox"/>	<input type="checkbox"/>
Did you cash any Series EE or I U.S. Savings bonds issued after 1989?	<input type="checkbox"/>	<input type="checkbox"/>
Did you make any contributions to an education savings or 529 Plan account?	<input type="checkbox"/>	<input type="checkbox"/>

Health Care Information

Did you have EMPLOYER PROVIDED health insurance for all of the year? If yes, please attach Form 1095-B or 1095-C	<input type="checkbox"/>	<input type="checkbox"/>
Did you have health insurance through the MARKETPLACE for the entire year? If yes, please attach Form 1095-A	<input type="checkbox"/>	<input type="checkbox"/>
Did anyone in your family qualify for an exemption from health insurance coverage? If yes, attach the Exemption Certificate Number (ECN) or exemption type.	<input type="checkbox"/>	<input type="checkbox"/>
Did you make contributions to a Health Savings Account (HSA)? If yes, please attach Form 5498-SA	<input type="checkbox"/>	<input type="checkbox"/>
Did you make distributions from a Health Savings Account (HSA)? If yes, please attach Form 1099-SA	<input type="checkbox"/>	<input type="checkbox"/>
Did you pay long-term care premiums for yourself or your family?	<input type="checkbox"/>	<input type="checkbox"/>

Yes No

Itemized Deduction Information

- Did you incur a casualty or theft loss or any condemnation awards during the year? Yes No
- Did you pay out-of-pocket medical expenses (Co-pays, prescription drugs, etc.)? Yes No
- Did you make any cash or noncash charitable contributions (clothes, furniture, etc.)? Yes No
If yes, please provide evidence such as a receipt from the donee organization, a cancelled check, or record of payment, to substantiate all contributions made.
- Did you donate a vehicle or boat during the year? If yes, attach Form 1098-C or other written acknowledgement from the donee organization. Yes No
- Did you have an expense account or allowance during the year? Yes No
- Did you use your car on the job, for other than commuting? Yes No
- Did you work out of town for part of the year? Yes No
- Did you have any expenses related to seeking a new job during the year? Yes No
- Did you make any major purchases during the year (cars, boats, etc.)? Yes No
- Did you make any out-of-state purchases (by telephone, internet, mail, or in person) for which the seller did not collect state sales or use tax? Yes No

Estimated Tax Payments

Please list dates and amounts paid for estimated payments to the IRS and states:

IRS

CT

Other States

Amount	Date Paid	Amount	Date Paid	Amount	Date Paid

Miscellaneous Information

- Did you make gifts of more than \$14,000 to any individual? Yes No
- Did you utilize an area of your home for business purposes? Yes No
- Did you engage in any bartering transactions? Yes No
- Did you retire or change jobs this year? Yes No
- Did you incur moving costs because of a job change? Yes No
- Did you pay any individual as a household employee during the year? Yes No
- Did you make energy efficient improvements to your main home this year? Yes No
- Did you receive a distribution from, or were you a grantor or transferor for a foreign trust? Yes No
- Did you have a financial interest in or signature authority over a financial account such as a bank account, securities account, or brokerage account, located in a foreign country? Yes No
- Do you have any foreign financial accounts, foreign financial assets, or hold interest in a foreign entity? Yes No
- Did you receive correspondence from the State or the Internal Revenue Service? Yes No
If yes, explain: _____
- Do you have previous years of tax returns that are either unfiled or filed with unpaid balances due? Yes No
- Do you want to designate \$3 to the Presidential Election Campaign Fund? If you check yes, it will not change your tax or reduce your refund. Yes No

STEP 3

PERSONAL INFORMATION & DELIVERY METHOD OF COMPLETED TAX RETURN AND FORM 8879 COMPLIANCE

Please fill in the below information -

Home Phone - _____

Cell Phone - _____

E-mail - _____

We are not able to file your tax returns until we receive the signed Form 8879 back from you. If you will be filing a joint tax return, both signatures are necessary. This is an IRS requirement.

**THE FORM 8879 WILL BE
PROVIDED TO YOU FOR SIGNATURE WITH THE COMPLETED TAX RETURNS.**

**YOUR TAX RETURN WILL BE E-MAILED TO YOU AT THE
E-MAIL ADDRESS ON FILE.**

If you are unable to receive your tax return via e-mail, please select another delivery method below

_____ CONTACT YOU VIA TELEPHONE FOR PICK UP

_____ MAIL THE COMPLETED RETURN TO YOUR ADDRESS

**OUR OFFICE DOES RETAIN A COPY OF YOUR TAX RETURNS FOR UP TO SEVEN
YEARS.**

If you have any questions, please contact us at 860-583-8675 or via e-mail
at lac@adamssamartinocpa.com or sms@adamssamartinocpa.com

VISIT OUR WEBSITE AT www.adamssamartinocpa.com

STEP 4

TAX DOCUMENTATION TO GATHER

- Forms W-2 for wages, salaries and tips.
- All Forms 1099 for interest, dividends, retirement, miscellaneous income.
- Social Security, state or local refunds, gambling winnings, etc.
- Entire brokerage statements showing investment transactions for stocks, bonds, dividends, interest, etc.
- Schedule K-1 from partnerships, S corporations, estates and trusts.
- Statements supporting deductions for mortgage interest, taxes, and charitable contributions
(including any Form 1098-C).
- Copies of closing statements regarding the sale or purchase of real property.
- Legal papers for adoption, divorce, or separation involving custody of your
dependent children.
- Any tax notices sent to you by the IRS or other taxing authority.
- A copy of your income tax return from last year, if not prepared by this office.
- A list of estimated tax payments made to the IRS and states – include amounts and dates.
- Support information for questions answered yes on client questionnaire.
- 1095-A, 1095-B, 1095-C

Adams Samartino CPAs

2018 Tax Update

Dear Client,

The recently enacted Tax Cuts and Jobs Act (TCJA) is a sweeping tax package. Here's a look at some of the more important elements of the new law that have an impact on individuals. Unless otherwise noted, the changes are effective for tax years beginning in 2018 through 2025.

- *Tax rates.* The new law imposes a new tax rate structure with seven tax brackets: 10%, 12%, 22%, 24%, 32%, 35%, and 37%. The top rate was reduced from 39.6% to 37% and applies to taxable income above \$500,000 for single taxpayers, and \$600,000 for married couples filing jointly. The rates applicable to net capital gains and qualified dividends were not changed. The "kiddie tax" rules were simplified. The net unearned income of a child subject to the rules will be taxed at the capital gain and ordinary income rates that apply to trusts and estates. Thus, the child's tax is unaffected by the parent's tax situation or the unearned income of any siblings.
- *Standard deduction.* The new law increases the standard deduction to \$24,000 for joint filers, \$18,000 for heads of household, and \$12,000 for singles and married taxpayers filing separately. Given these increases, many taxpayers will no longer be itemizing deductions. These figures will be indexed for inflation after 2018.
- *Exemptions.* The new law suspends the deduction for personal exemptions
- *New deduction for "qualified business income."* Starting in 2018, taxpayers are allowed a deduction equal to 20 percent of "qualified business income," otherwise known as "pass-through" income, i.e., income from partnerships, S corporations, LLCs, and sole proprietorships. The income must be from a trade or business within the U.S. Investment income does not qualify, nor do amounts received from an S corporation as reasonable compensation or from a partnership as a guaranteed payment for services provided to the trade or business. The deduction is not used in computing adjusted gross income, just taxable income. For taxpayers with taxable income above \$157,500 (\$315,000 for joint filers), (1) a limitation based on W-2 wages paid by the business and depreciable tangible property used in the business is phased in, and (2) income from the following trades or businesses is phased out of qualified business income: health, law, consulting, athletics, financial or brokerage services, or where the principal asset is the reputation or skill of one or more employees or owners.
- *Child and family tax credit.* The new law increases the credit for qualifying children (i.e., children under 17) to \$2,000 from \$1,000, and increases to \$1,400 the refundable portion of the credit. It also introduces a new (nonrefundable) \$500 credit for a taxpayer's dependents who are not qualifying children. The adjusted gross income level at which the credits begin to be phased out has been increased to \$200,000 (\$400,000 for joint filers).

- *State and local taxes.* The itemized deduction for state and local income and property taxes is limited to a total of \$10,000 starting in 2018.
- *Mortgage interest.* Under the new law, mortgage interest on loans used to acquire a principal residence and a second home is only deductible on debt up to \$750,000 (down from \$1 million), starting with loans taken out in 2018. And there is no longer any deduction for interest on home equity loans, regardless of when the debt was incurred.
- *Miscellaneous itemized deductions.* There is no longer a deduction for miscellaneous itemized deductions which were formerly deductible to the extent they exceeded 2 percent of adjusted gross income. This category included items such as tax preparation costs, investment expenses, union dues, and unreimbursed employee expenses.
- *Medical expenses.* Under the new law, for 2017 and 2018, medical expenses are deductible to the extent they exceed 7.5 percent of adjusted gross income for all taxpayers. Previously, the AGI "floor" was 10% for most taxpayers.
- *Overall limitation on itemized deductions.* The new law suspends the overall limitation on itemized deductions that formerly applied to taxpayers whose adjusted gross income exceeded specified thresholds. The itemized deductions of such taxpayers were reduced by 3% of the amount by which AGI exceeded the applicable threshold, but the reduction could not exceed 80% of the total itemized deductions, and certain items were exempt from the limitation.
- *Alimony.* For post-2018 divorce decrees and separation agreements, alimony will not be deductible by the paying spouse and will not be taxable to the receiving spouse.
- *Estate and gift tax exemption.* Effective for decedents dying, and gifts made, in 2018, the estate and gift tax exemption has been increased to roughly \$11.2 million (\$22.4 million for married couples).

As you can see from this overview, the new law affects many areas of taxation. If you wish to discuss the impact of the law on your particular situation, please give us a call.

Very truly yours,

Adams Samartino and Company, CPAs