JK Associates, LLC, Tax and Consulting Services
9520 Berger Road, Suite 310, Columbia, MD 21046

Preparation of Your 2018 Individual Tax Return(s)

Thank you for choosing JK Associates, LLC, to assist you with your tax affairs. This letter confirms the terms of our engagement with you and the nature and extent of services we will provide. Please sign this letter and return it to us along with your tax materials.

Scope

We will prepare your 2018 federal and all state income tax returns you request using information you provide us. We may ask for clarification of some items, but we will not audit or otherwise verify the data you give us. We have enclosed a questionnaire to help you to gather the information required to complete your return(s).

Not included in the scope of this engagement is any accounting or bookkeeping necessary to complete the tax return, tax planning, responding to IRS or state notices (including audits) or responding to third-parties (including subpoenas). These are all separate engagements and will be billed separately. If you need to include accounting or tax planning with your tax return preparation, please let us know.

Client's Responsibility

It is your responsibility to provide information required for preparation of complete and accurate returns. You should keep all original documents, canceled checks and other data that support your reported income and deductions for seven years. They may be necessary to prove accuracy and completeness of the returns to a taxing authority. ***You are responsible for your returns; review them carefully before signing them.***

After the engagement, you are responsible for pickup of any documents you want returned. We will mail them to your address *at an additional cost.* If you do not pick up your documents by the end of the calendar year, we will shred them.

You are responsible for mailing any returns or documents to the IRS or state taxing authorities if you do not e-file.

We consider both spouses to be our clients. Married couples should know that we will share information between both spouses and consider the actions of one spouse to speak for both. If you are not living together, considering separating, or have separate interests we will require you to sign a Conflict of Interest Waiver.

If you receive any letters from the government, please notify us immediately. We will correct returns at no charge and pay any penalties ***if we are at fault***. ***However, we are not responsible for any taxes owed.***

Communications

We may consult with you by telephone, fax, and e-mail, as necessary, to answer questions. Communications with you made by telephone, fax, and e-mail will normally not be encrypted. We can provide secure file transfer for you. **DO NOT SEND ANY SENSITIVE INFORMATION VIA AN UNENCRYPTED E-MAIL.** Sensitive information includes social security numbers, birthdates, bank account numbers, etc. We encourage you to use our secure portal for all documents.

To complete your return(s) in a timely manner, we have many staff members who help with data entry. They may call or e-mail with questions. We will provide a list of staff members so that you will know who you are communicating with. All returns are reviewed by a CPA or Enrolled Agent.

Deadlines

This year's Federal and Maryland filing deadline is April 15, 2019. However, we plan to close our office on Friday, April 12, at the end of normal working hours, and be closed until Monday, April 22. We request that you bring us as many documents as you now have so we may begin preparing your return. ***We will file an extension for all returns received after Friday, March 22. If an extension is required, any tax due must be paid with the extension and the extension must be filed by April 15, 2019.*** Any taxes not paid by the filing deadline will be subject to late payment penalties and interest.

If an extension must be filed, we try to provide you with an estimate of your tax liability. To do this, we must have the appropriate documents (W-2, 1099R, 1099B, etc.) to make this estimate. We charge a fee for filing an extension unless you provided all documents and answered any questions we have by the March 22 deadline and JK Associates, LLC was not able to complete your return(s) by the filing deadline. We are not liable for penalties due to underestimates of your tax liability determined for extensions.

The deadline for extended personal returns is Oct. 15, 2019. If we do not receive all your required information by Monday Sept. 30, 2019, rush fees may apply.

Audits

Your returns may audited based on an entry that the taxing authorities question. They may also be randomly selected for audit by a taxing authority. In the event of a tax examination, we can represent you. Such representation will be a separate engagement. Fees and expenses for defending the returns will be invoiced in accordance with terms we agree on for that engagement.

Disengagement

This engagement is at-will – either party may withdraw at any time with a one month's *written* notice. All payments must be up to date before a Disengagement Letter will be accepted.

Limitations

Any litigation arising out of this engagement (other than actions by us to collect fees owed to us) must be filed with one year from the completion of the engagement. Any judgement you obtain shall be limited in amount and shall not exceed the fee charged and paid for the services in this engagement letter.

Fees

Our fee for preparation of your tax returns will be based on the amount of time required at standard billing rates, the complexity of your return and necessary research. Additional fees will apply to rush jobs and extensions.

- ***We require a deposit if you are a new client.***
- ***We require full payment when your return is delivered to you, and before we e-file.***
- To the extent permitted by state law, an interest charge may be added to all accounts not paid within thirty (30) days.
- If either party withdraws by written notice from this engagement before the completion of the tax return(s), you will be billed for the time we have spent on the return to that point.

JK Associates, LLC, is not responsible for providing any of the deductions taken on my (our) tax return(s). I (we) have provided this information from my (our) own records and I (we) have proof of my (our) deductions and income. I (we) give my (our) permission to prepare my (our) tax return(s) and I (we) have read, understood and agree to the terms of this engagement and have read the Privacy Policy Act of this firm.

Taxpayer ____ Date: ________________________
Digitally Signed

Spouse ____ Date: ________________________
Digitally Signed

Client Address: ____Telephone:_____________

Email: ____

JK Associates, LLC
7216 Consent to Use Form

Taxes have an effect on many parts of our lives, but the IRS restricts us in providing information and advice to our clients. Internal Revenue Code Section 7216 states that we may not use *any* information you provide for *any other purpose* than preparing your income tax return. Penalties are a $1,000 fine, a year in jail, or both.

Because the penalties are so severe, we would like to ask for your consent now, so that we can continue to assist you however we feel we need to. **We will not disclose your information to any third party based on this consent**. We only want to ensure we have flexibility in responding to your questions and concerns.

The paragraphs in bold below are *required by law, exactly as written*. The first paragraph says the same thing as our first paragraph. The second paragraph reminds you that signing this form is voluntary, and that your consent only lasts for one year.

Federal law requires this consent form be provided to you. Unless authorized by law, we cannot use your tax return information for purposes other than the preparation and filing of your tax return without your consent.

You are not required to complete this form to engage our tax return preparation services. If we obtain your signature on this form by conditioning our tax return preparation services on your consent, your consent will not be valid. Your consent is valid for the amount of time that you specify. If you do not specify the duration of your consent, your consent is valid for one year from the date of signature.

By signing below, I authorize JK Associates, LLC to use the personal, financial, and tax information I provided for preparation of my tax return for the purpose of communications (mail, email, phone and fax) and/or recommendations pertaining to the non-tax services the firm offers and non-tax news and information that might apply to my individual situation (for example, information on accounting, financial/retirement planning, or business planning).

Taxpayer Name:____________________________	Spouse Name:________________________________
Taxpayer Signature:_________________________ Digitally Signed	Spouse Signature:_____________________________ Digitally Signed
Date:___________________	Date:____________________

If you believe your tax return information has been disclosed or used improperly in a manner unauthorized by law or without your permission, you may contact the Treasury Inspector General for Tax Administration (TIGTA) by telephone at 1-800-366-4484, or by email at complaints@tigta.treas.gov.

JK Associates, LLC
9520 Berger Road Suite 310
Columbia, MD 21046
Phone: 410-884-0317 Fax: 410-730-3337
Email: info@JKAssociatesTax.com

JK ASSOCIATES, LLC, TAX & CONSULTING - 2018 Tax Year 1040 Sheet

Please return this form to us along with your engagement letter and tax documentation.

CLIENT CONTACT INFORMATION UPDATE	
TAXPAYER	SPOUSE
NAME:____	NAME:____
OCCUPATION:_________________________________	OCCUPATION:___________________________________
DAYTIME PHONE #:______________________ ☐ Cell	DAYTIME PHONE #:_________________________ ☐ Cell
EVENING PHONE #: _______________________ ☐ Cell	EVENING PHONE #: _________________________ ☐ Cell
EMAIL:____	EMAIL:____
NEW: DL/ID#_________________________STATE: ______	**NEW**: DL/ID#_____________________________STATE: ______
Issued:_________ Expires:________ refuse to provide ☐	Issued:_________ Expires:________ refuse to provide ☐

WHO IS THE PRIMARY CONTACT? ☐ Taxpayer ☐ Spouse
HOW DO YOU PREFER WE CONTACT YOU? ☐ DAYTIME PHONE ☐ EVENING PHONE ☐ EMAIL

HOME ADDRESS:____

____

Is this a change of address from last year? ☐ YES ☐ NO Did your email address or phone numbers change? ☐YES ☐ NO
State of Residence on Dec. 31, 2018:_____________
Were you (and your spouse) a resident of this state for all of 2018? ☐ YES ☐ NO If NO, date of move:________________
Did you (or your spouse) work in any state other than your resident state during 2018? ☐ YES ☐ NO

AFFORDABLE CARE ACT (HEALTH INSURANCE COVERAGE)

If you had Minimum Essential Coverage (MEC) for everyone in your household for the full year, we only need to “check the box” on your tax return. We must either have proof of insurance (Form 1095-A, Form 1095-B, or 1095-C) **OR** you must fill out the table below.

If everyone in your household did not have MEC heath care insurance **for the entire year**, please fill out our Extended Health Insurance worksheet.

I (we) have provided Form 1095-A, Form 1095-B, 1095-C, or other proof of insurance for all members of your household for the entire year. –OR-	YES
OR For the ENTIRE year, did the following person(s) have MEC health care coverage provided by either an employer, the government (Medicare, Medicaid, or VA), purchased through the exchange, or purchased privately?	ALL 12 MONTHS
Taxpayer	
Spouse	
All dependents in household	

If you have any insurance policies through the EXCHANGE: We cannot complete your return without the information on Form 1095-A. Have you provided Form 1095-A, Health Insurance Marketplace Statement? (Mandatory)	YES	NO	N/A

FOREIGN ACCOUNTS AND ASSETS	YES	NO	NOT SURE
Have you ever lived in, worked in, or were you born in, any foreign country (including Canada)? Do you have any connection with any foreign countries such as bank accounts, retirement accounts, real estate owned, business interests, relatives or close friends living abroad? Did you have any foreign income or pay any foreign taxes (other than mutual funds) during 2018? **If YES to any of these, please fill out our extended Foreign Interest Questionnaire.**			
The following questions appear on your return and must be answered:			
At any time during 2018, 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?			
During 2018, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust?			

Estimated Taxes			
A significant portion of IRS or state correspondence is due to inaccurate reporting of estimated tax payments. Did you pay any 2018 estimated taxes to the IRS or any state? If so, provide details below.			
Federal		**State** ________	
Date paid	Amount paid	Date paid	Amount paid
	$		$
	$		$
	$		$
	$		$

Income Statements	
How many tax statements do you and your spouse (if applicable) have this year?	
W-2s	
1099-R (retirement distributions)	
1099-INT (interest)	
1099-DIV (dividends)	
brokerage statements	

If you are deducting charitable contributions		
Monetary donations less than $250: All charitable donations of money **require** proof of payment (cancelled check, credit card receipt, etc.). *Cash donations without a receipt are not deductible.* **Donations greater than $250:** Proof of payment AND **an acknowledgement letter** from the charity is required. The letter **must state** "*No goods or services were provided in exchange for this donation.*" You must have this letter in hand before your return is filed or the deduction will not be allowed. You may provide us with a list of donations, however you must initial that you have the documentation described above. **Political contributions are not tax deductible**.		
	YES	Initials
Do you have all required documentation for the charitable donation deductions you are claiming?		
Non-cash donations require a list of each item donated with the thrift store value and a donation receipt (if possible). If the total non-cash donations are more than $500, the IRS requires donations to be individually listed with the date, charity name & address, description of items, and thrift store value. We must put this on the return.		
Do you have all required documentation for the charitable donation deductions you are claiming?		

ADMINISTRATIVE	YES	NO
Do you want your payment due the IRS and/or state **withdrawn** from your checking account?		
If you get a refund (IRS or state), do you want the funds direct deposited into your bank account?		
If yes, please provide: Bank Name:___________________ Routing #:________________________ Account #:_________________________ OR ☐ I have provided voided check ☐ My routing & account number are the same as last year		
Our online signature process for e-filing requires a 5-digit PIN. Please enter your chosen 5-digit PIN below: Taxpayer: Spouse: OR, ☐ Use the generated PIN shown on my 2018 Form 8879 ☐ will sign in person		
Will you be picking up your tax return and tax documents at our office? ☐ Yes, I will pick up at the office ☐ no, I prefer returns/documents mailed to me. (A minimum fee of $7 may apply)		
Do you understand that ***if your documentation is not complete by March 22*** your return could be put on extension and you could be subject to late payment penalties? (We will endeavor to estimate your tax liability to avoid/reduce penalties)		
Have you received and read our Privacy Policy?		
I understand my return will not be filed with the IRS or any state *until I pay my tax preparation fees in full.* We prefer checks (for returning clients only) but also accept cash and credit cards. You may pay by credit card by calling our office, 410-884-0317.		
I am going to be out of town at some point during the tax season and/or I need a "rush job."		

Please complete our Tax Interview Sheet (next page). If your personal return includes Schedule C or E, please also complete our Business Interview Sheet. If you are eligible for the Child Tax Credit, Education Credits, Earned Income Credit or Head of Household filing status, ***we have a new "Due Diligence" interview worksheet that is required.***

Signed: Spouse (must also sign if applicable):

_______________________________________ _______________________________________

Date: ______________ Digital Signature Date: ______________ Digital Signature

JK ASSOCIATES, LLC, TAX & CONSULTING - 2018 Tax Year Interview Sheet

Taxpayer/Spouse:____ Date:______________

Here is a list of questions we ask during your annual tax interview. Not all questions apply to all clients. If you are dropping off your tax documents and not meeting with us, please answer the questions and we will follow up with you. If you are coming in for a meeting, answering these questions beforehand will speed up the meeting.

IF YOU ANSWER 'YES' TO ANY QUESTION, PLEASE PROVIDE DOCUMENTS and EXPLANATIONS. If more space is needed, use the last page or attach a separate sheet. If you are in doubt about the answer, please check the “Not Sure” box so we can discuss the issue with you. If your personal return includes Schedule C or E, please also complete our Business 2018 Interview Sheet.

	PERSONAL INFORMATION	YES	NO	NOT SURE
1	Do you have any changes in dependents, marital status or address from your prior tax return?			
2	Do you have children under age 24 with unearned income of more than $950?			
3	Were you notified by the IRS or state taxing authority of any changes in prior year returns?			
4	Did you make gifts of more than $15,000 to any individual?			
5	Could you be claimed as a dependent by someone else?			
6	Do you have anyone living with you or supported by you that you are not claiming as a dependent?			

	DO WE HAVE ALL YOUR INCOME?	YES	NO	NOT SURE
7	Did you receive unemployment compensation? If yes, provide 1099-G			
8	Do you and/or your spouse (if applicable) have self-employment income?			
9	Did you receive any hobby income or income from odd jobs (such as jury duty, tutoring, babysitting) or sell items at homes or online (other than personal items at no profit)?			
10	Did you engage in any bartering transactions?			
11	Do you have gambling or lottery winnings (not just money)? If so, please provide documentation.			
12	Did you have any debts cancelled, forgiven or refinanced during 2018?			
13	Did you receive any tip income not reported to your employer?			
14	Did you rent out a home (such as through AirBnB)?			
15	Did you have any withdrawals from a 529 plan or a HSA?			
16	Did you pay or receive alimony or child support?			
17	Did you receive any other income not reported to us that may be taxable?			

	DID WE FIND ALL YOUR TAX BREAKS?	YES	NO	NOT SURE
18	Did you make any large purchases, such as motor vehicles and boats, subject to sales tax?			
19	Did you have any transactions pertaining to a health savings account (HSA)?			
20	Did you have an outstanding home equity loan with a balance greater than $100,000?			
21	Did you pay any home equity or other home loan interest for funds **not used to acquire or improve** your principal residence or second home?			
22	Did you pay real estate taxes? Please provide documentation.			
23	Are/were you a law enforcement or public safety officer?			
24	Did you have significant (more than 7.5% of your income) out-of-pocket medical expenses?			
25	Did you pay for long-term care insurance this year? If so, your premium: $_________________ Spouse’s premium (if applicable): $____________			
26	Did you pay any student loan interest in 2018?			
27	Did you make any Qualified Charitable Donations from your IRA?			
28	Did you pay for child care for a dependent 12 years old or younger while you worked, looked for work, or attended classes? If YES, we require the provider EIN or SSN and address/phone.			

29	Did you or your dependents incur any education expenses, such as tuition? NEW: Tuition must be documented by BOTH a transcript showing amounts paid and a 1098-T form (for college tuition).			
30	Did you make any contributions to Qualified State Tuition Plans (Section 529 plans) in 2018? If YES, please provide the amounts for each plan and which state plan you contributed to.			
31	Did you install any energy efficiency improvements in your residence?			
32	Did you purchase a new plug-in electric vehicle in 2018? If yes, please provide documentation.			

	PURCHASES OR SALES OF STOCK, SECURITIES, REAL ESTATE OR ASSETS	YES	NO	NOT SURE
33	Did you start, buy or sell a business, farm or any interest in any partnership or S corporation in 2018? If so, provide documents and give a brief description:			
34	Did you buy, sell or refinance any real estate in 2018? Please provide HUD settlement sheets and Form 1099-S.			
35	Did you receive grants of stock options from your employer, exercise stock options, sell restricted stock or dispose of any stock acquired under an employer stock plan?			
36	Did you have any debts that became uncollectible or securities which became worthless in 2018? If so, give a brief description:			
37	Did you sell any property for which you will receive payments in future years?			
38	Did you convert your residence to a rental property or buy rental property?			
39	Did you have any Bitcoin or other digital currency transactions?			

	RETIREMENT PLAN INFORMATION	YES	NO	NOT SURE
40	Did you contribute or withdraw any amounts to/from your pension or Individual Retirement Accounts (IRAs) that are **not** reported on your W-2 or 1099R?			
41	Do you want to make a 2018 contribution to a retirement plan (IRA, SEP, SIMPLE, 401(k) or KEOUGH)? Ask us if it can reduce your taxes!			
42	Did you convert a Traditional Individual Retirement Account (IRA) to a Roth IRA in 2018?			
43	Did you take your required minimum distributions (RMDs) from IRAs or other retirement accounts? (Generally required once you have reached 70 ½ years old, or have inherited an IRA)			N/A

	2019 PLANNING	YES	NO
44	If you have an overpayment of 2018 taxes, do you want the excess applied toward 2019?		
45	Do you expect any large changes in income, deductions or tax withholding for 2019?		
46	Do you expect changes in 2019 that might require estimated tax payments?		
47	Will you be turning 70 1/2 and need information about required minimum distributions?		
48	Do you expect everyone in your household to have health insurance for all of 2019?		
49	Will you be starting social security this year or need advice on when to start drawing it?		
50	Are you interested in a 2019 tax planning session in the off-season?		
51	If you are taking RMDs from an IRA, do you want to learn about Qualified Charitable Donations to reduce your income?		

Q#	Please use this section to elaborate on or explain any yes answers. Use a separate sheet, if necessary.