

# 1041 - FIDUCIARY (ESTATE OR TRUST) TAX RETURN ENGAGEMENT LETTER

CLIENT NAME  
STREET ADDRESS  
CITY, STATE ZIP

Subject: Preparation of Your Fiduciary Tax Returns

Dear FIDUCIARY NAME:

Thank you for selecting YOUR FIRM NAME to assist you with tax compliance for NAME OF TRUST OR ESTATE. This letter confirms the terms of our engagement for the year ended YEAR and explains the services we will provide. To assure mutual understanding of our responsibilities, we ask you to read this letter and confirm the arrangements by signing and returning a copy to us.

We will prepare the YEAR federal and requested state fiduciary income tax returns, including tax information for beneficiaries from information you provide. We may ask for clarification of some information, but we will not audit or otherwise verify the data you submit. We will provide checklists, questionnaires and/or worksheets to help you gather information necessary for a complete return. Please use those forms in order to avoid overlooking important information.

It is your responsibility to provide all information required for preparation of complete and accurate returns. Keep all documents, canceled checks and other data used to determine income and deductions. Those may be necessary to prove the accuracy and completeness of the returns to a taxing authority. Since you have the final responsibility for the fiduciary income tax returns, you should review them carefully before you sign them.

Our work will not include any procedures designed to discover defalcations or other irregularities. We may provide limited accounting and analysis, but only for the purpose of preparing complete and accurate income tax returns.

We must 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. We will apply the "more likely than not" reliance standard to resolve such issues in order to avoid penalties that might be assessed against us as return preparers. You agree to honor our decisions regarding disclosure of return positions to avoid or mitigate penalties.

Penalties of as much as \$100,000 can be imposed on you for failing to disclose participation in "reportable transactions," that is, certain arrangement the IRS has identified as potentially abusive. We will insist that all such transactions be properly disclosed.

The law also imposes penalties on taxpayers who understate their tax liability. If you would like information about those penalties, please call this office

Your returns may be selected for review by the taxing authorities. Proposed adjustments by an examining agent are generally subject to appeal. Should a return we have prepared be selected for examination, we can arrange upon request to represent you. Such representation will be a separate engagement for return preparation. A separate engagement letter will be provided to document the arrangement including terms for payment of fees and expenses incurred.

Our fee for preparation of the subject returns will be based on the time required at standard billing rates plus out-of-pocket expenses. All invoices are due and payable upon presentation. To the extent permitted by state law, an interest charge may be added to all accounts not paid within thirty (30) days

We keep copies of the records you have supplied us along with our work papers for your engagement for a period of seven years. After seven years, our work papers and engagement files are destroyed. All of your original records will be returned to you at the end of this engagement. Our working papers and files are not a substitute for the original records, and you should keep them in a safe place.

To affirm that this letter correctly summarizes your understanding of the services we are to provide, please sign the enclosed copy in the space indicated and return it to us in the envelope provided.

Thank you for your confidence in us.

Sincerely,  
YOUR FIRM NAME

\_\_\_\_\_  
ACCOUNTANT IN CHARGE

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

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