Trans-Pacific Accounting and Business Consulting, LLC

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January 22, 2023

[redacted]

Subject: Preparation of 2022 US Income Tax Returns

Dear [redacted]:

Thank you for choosing Trans-Pacific Accounting and Business Consulting, LLC. for your 2022 tax return preparation. This agreement confirms the terms of the engagement and outlines the nature and extent of the services between [redacted] ("You", "Your") and Trans-Pacific Accounting and Business Consulting, LLC. ("We", "Us", "Our", "Our Firm").

We will prepare your 2022 federal, state, and local, if applicable, income tax returns. We will not prepare any tax returns except those identified above, without your written request, and our written consent to do so. We will prepare your tax returns based upon information and representations that you provide to us. 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.

We will prepare the above-referenced tax returns solely for filing with the Internal Revenue Service ("IRS") and state and local tax authorities as identified above. Our work is not intended to benefit or influence any third party, either to obtain credit or for any other purpose.

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 and state tax authorities regardless of the nature of the claim, including the negligence of any party.

Our engagement does not include any procedures designed to detect errors, fraud, or theft. Therefore, our engagement cannot be relied upon to disclose such matters.

CPA FIRM RESPONSIBILITIES

Unless otherwise noted, we will perform our services in accordance with the Statements on Standards for Tax Services ("SSTSs") issued by the American Institute of Certified Public Accountants ("AICPA") and U.S. Treasury Department Circular 230 ("Circular 230"). It is our duty to perform services with the same standard of care that a reasonable income tax preparer would exercise in this type of engagement. It is your responsibility to safeguard your assets and maintain accurate records pertaining to transactions. We will not hold your property in trust for you, or otherwise accept fiduciary duties in the performance of the engagement.

We will prepare your tax returns based upon your filing status (single, married filing jointly, married filing separately, head of household, or qualifying widow[*er*] with dependent child) as reflected in your income tax returns for last year. If your filing status has changed, you wish to change your filing status, or you have questions about your filing status, please contact us immediately.

<u>Bookkeeping assistance</u>

We may deem it necessary to provide you with accounting and bookkeeping assistance solely for the purpose of preparing the tax returns. These services will be performed solely in accordance with the AICPA Code of Professional Conduct. We will request your approval in writing before rendering these services. Additional charges

will apply for such services.

Prior year review

Our review of the prior year's tax return will necessarily be limited and may not find all errors. We will, however, bring to your attention any errors that we find. If you ask us to prepare amended tax returns and address any other matters arising as a result of any error, we will confirm this representation in a separate engagement letter.

Estimated tax payments

You may be required to make quarterly estimated tax payments. We will calculate these payments for the 2023 tax year based upon the information you provide to prepare your 2022 tax returns (the "safe harbor" basis) and have no obligation to update recommended payments after the engagement is completed. If you ask us to update your estimated tax payments, we will confirm this update in a separate engagement letter.

Tax planning services

Our engagement does not include tax planning services. During the course of preparing 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 implementation remains with you, the taxpayer. If you ask us to provide tax planning services, we will confirm this representation in a separate engagement letter.

Government inquiries

This engagement does not include responding to inquiries by any governmental agency or tax authority. If your tax return is selected for examination or audit, you may request our assistance in responding to such an inquiry. If you ask us to represent you, we will confirm this representation in a separate engagement letter.

Third-party requests

We will not respond to any request from banks, mortgage brokers or others for verification of any information reported on these tax returns. We do not communicate with third parties or provide them with copies of tax returns.

Tax Advice

Our advice is based upon tax reference materials, facts, assumptions, and representations that are subject to change. Tax reference materials include, but are not limited to, the Internal Revenue Code ("IRC"), tax regulations, Revenue Rulings, Revenue Procedures, Private Letter Rulings and court decisions. We will not update our advice after the conclusion of the engagement for subsequent legislative or administrative changes or future judicial interpretations. To the extent we provide written advice concerning federal tax matters, we will follow the guidance contained in Circular 230, §10.37, Requirements for Written Advice.

Arguable Positions

We will use our judgment to resolve questions in your favor where a tax law is unclear, provided there is substantial support for doing so. If there are conflicting interpretations of the law, we will explain the possible positions that may be taken on your return. We will follow the position you request, provided it is consistent with our understanding of the Internal Revenue Code ("IRC"), tax regulations, Revenue Rulings, Revenue Procedures, Private Letter Rulings and court cases. If the IRS, state or local tax authorities later contest the position taken, additional tax, penalties, and interest may be assessed. We assume no liability, and you hereby release us from any liability including but not limited to, additional tax, penalties, interest, and related professional fees.

Reliance on Others

If you wish to take a tax position based upon the advice of another tax advisor, you agree to obtain a written statement from the advisor confirming that the position should meet the "realistic possibility," "substantial authority," or "more likely than not" standard, as applicable. In preparing your federal tax return, we are subject to a diligence as to accuracy regarding reliance on others standard, as defined in revisions to Circular 230, §10.22(b). To the extent a position is based upon the advice of another tax advisor, prior to preparing or signing the tax return, the AICPA SSTS No. 1 also requires our firm to have a good faith belief that the position has, at a minimum, a realistic

possibility of being sustained administratively or judicially on its merits, if challenged. Additional charges will apply to such research.

Tax Shelters

Section 506 of the Tax Extenders and Alternative Minimum Tax Relief Act of 2011 requires our firm, as tax return preparers, to conform to a higher standard than the taxpayer when an undisclosed tax position is related to a tax shelter as defined in IRC §6662(d)(2)(C)(ii), Imposition of Accuracy-Related Penalty on Underpayments, or a reportable transaction to which IRC §6662A, Imposition of Accuracy-Related Penalty on Understatements with Respect to Reportable Transactions, applies. This higher standard requires the preparer to have a reasonable belief that the undisclosed tax position would more likely than not be sustained on its merits if challenged by the IRS, and that there be a reasonable basis for the tax treatment. We may have to spend additional time preparing your return due to the research and analysis necessary to meet the standard. Accordingly, by executing this Agreement, you acknowledge that you are aware of this difference in standards, and consent to our preparation of your federal tax return in accordance with the standards applicable to our firm as tax preparers.

Confidentiality

If the tax returns prepared in connection with this engagement are filed using the married filing jointly filing status, both spouses are deemed to be clients of the firm under the terms of this Agreement. Both individuals acknowledge that there is no expectation of privacy from the other concerning our services in connection with this Agreement. We are at liberty to share with either of you, without prior consent of the other, documents and other information concerning the preparation of your tax returns.

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 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.

Our firm uses third-party software providers for tax preparation and electronic workpapers, including, but not limited to, Drake Software by Drake Enterprises, ShareFile by Citrix, Microsoft 365 by Microsoft Corporation, and QuickBooks by Intuit. These third-party software providers use secure cloud-based storage services for all or a portion of their hosting and storage of data and communications. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. By agreeing to this engagement, you consent that our use of cloud-based storage service and third-party software service providers is acceptable to you.

CLIENT RESPONSIBILIITES

We will provide you with an income tax organizer to help you compile and document the information necessary to prepare your income tax returns. You must complete the income tax organizer with accurate and complete information. Income from all sources, including those outside the U.S., is required.

We rely upon the accuracy and completeness of both the information you provide in the income tax organizer and other supporting data you provide in rendering professional services to you.

Documentation

You are responsible for maintaining adequate documentation to substantiate the accuracy and completeness of your tax returns. You should retain all documents that provide evidence and support for reported income, credits, and deductions on your returns for at least seven years following the filing of the tax returns, as required under applicable tax laws and regulations. You are responsible for the adequacy of all information provided in such documents. You represent that you have such documentation and can produce it, if necessary, to respond to any audit or inquiry by tax authorities.

Penalty and Interest Charges

Federal, state, and local tax authorities impose various penalties and interest charges for non-compliance with tax laws and regulations, including failure to file, failure to pay, failure to timely pay estimated taxes, substantial understatement, and all associated interest. You, as the taxpayer(s), remain responsible for the payment of all tax, penalties, and interest charges imposed by tax authorities.

We rely on the accuracy and completeness of the information you provide to us in connection with the preparation of your tax returns. Failure to disclose or inadequate disclosure of income or tax positions may result in the imposition of penalties and interest charges.

You agree to hold our firm harmless from any liability including but not limited to, additional tax, penalties, interest and professional fees resulting from the disallowance of tax deductions due to inadequate documentation.

Gift Tax Returns

The IRS considers a gift to be any transfer to an individual, either directly or indirectly, where full consideration (measured in money or money's worth) is not received in return. Under federal tax law, certain gifts are taxable and subject to an annual gift tax exclusion amount, which for 2022, is $16,000 per taxpayer. You are responsible for informing us if gift tax returns are required to be filed. If you ask us to prepare these returns, we will confirm this representation in a separate engagement letter.

Gifts received from foreign persons

If you received a gift or bequest from a foreign person or trust, you may be required to file a separate IRS Form 3520, *Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts*. If you ask us to prepare this return, we will confirm this in a separate engagement letter.

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 necessary 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.

State and local filing obligations

You are responsible for determining your tax filing obligations with any state or local tax authorities, including, but not limited to income, franchise, sales, use, property or unclaimed property taxes. You agree that we have no responsibility to research these obligations or to inform you of them. 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 of this responsibility in writing and ask you to contact us. If you ask us to prepare these returns, we will confirm this representation in a separate engagement letter.

U.S. filing obligations related to foreign financial assets

As part of your filing obligations, you are required to report the maximum value of specified foreign financial assets, which include financial accounts with foreign institutions and certain other foreign non-account investment assets, including life insurance surrender value, pension account balance, and retirement accounts, that exceed certain thresholds. You are responsible for informing us of all foreign assets, so we may properly advise you regarding your filing obligations.

These assets include any ownership interests you directly or indirectly hold in businesses located in a foreign country, and any assets or financial accounts located in a foreign country over which you have signature authority. Based upon the information you provide, this information will be used to calculate any applicable foreign tax credits. We will also use this data to inform you of any additional filing requirements, which may include *Form 8938*, *Statement of Specified Foreign Assets*, and FinCEN *Form 114*, *Report of Foreign Bank and Financial Accounts* ("FBAR"). Failure to file required forms can result in the imposition of both civil and criminal penalties, which may be significant. We may prepare the FBAR and other forms for you at an additional charge.

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.

Other income, losses and expenses

If you realized income, loss or expense from a business or supplemental income or loss, the reporting requirements of federal and state income tax authorities apply to such income, loss or expense. You are responsible for complying with all applicable laws and regulations pertaining to such operations, including the classification of workers as employees or independent contractors and related payroll tax and withholding requirements.

Substantial Understatement Penalties

The IRS and many states impose penalties for substantial understatement of tax. To avoid the substantial understatement penalty, you must have substantial authority to support the tax treatment of the item challenged by the IRS or adequate disclosure of the item. To fulfill the adequate disclosure requirement, you may be required to attach to your tax return a completed IRS Form 8275, Disclosure Statement, or 8275-R, Regulation Disclosure Statement, which discloses all relevant facts. A disclosed tax position that meets the reasonable basis standard must have some authority supporting the position and be more than simply arguable.

You agree to advise us if you wish to disclose a tax treatment on your return. If you request our assistance in identifying or performing further research to ascertain if there is “substantial authority” for the proposed position to be taken on the tax item(s) in your returns, we will confirm this representation in a separate engagement letter. It is your responsibility to contact us if additional assistance is required.

If we conclude as a result of our research that you are required to disclose a transaction on your tax return, you consent to attach a completed Form 8275 or 8275-R to your tax return for filing after we discuss the situation with you. You also agree to hold our firm harmless from any and all actual and consequential damages (including but not limited to tax, penalties, interest, and professional fees) you incur as a result of including such disclosures with your filed tax return regardless of the nature of the claim, including the negligence of any party.

Unless an undisclosed tax position meets the “realistic possibility" standard, as applicable, we will be unable to prepare the return and will withdraw from the engagement.

Listed Transactions and Other Reportable Transactions

The law imposes substantial penalties on taxpayers and tax advisors for failure to disclose listed and other reportable transactions on Form 8886, Reportable Transaction Disclosure Statement. In general, reportable transactions are potentially abusive transactions identified by the IRS whose primary purpose is tax avoidance, including but not limited to listed transactions, confidential transactions, transactions with contractual protection, loss transactions, and transactions of interest. You agree to advise us of any reportable transactions identified under tax laws and regulations. You agree that it is solely your decision to disclose any reportable transactions in the returns we prepare for you.

You acknowledge your responsibility to inform us of any listed transactions or other reportable transactions as designated by the IRS. You agree to hold our firm harmless with respect to any liability including but not limited to, additional tax, penalties, interest and professional fees resulting from your failure to timely notify us, in writing, of all such transactions in order to facilitate the timely preparation and filing of your tax returns.

Ultimate responsibility

The law specifies that you, as the taxpayer(s) have sole and final responsibility for your tax returns. We will provide you with a copy of your electronic tax returns and accompanying schedules and statements for review prior to filing with the IRS and state and local tax authorities, as applicable. You agree to review and examine them carefully for accuracy and completeness.

You will be required to verify and sign a completed Form 8879, *IRS e-file Signature Authorization*, and any similar state and local equivalent authorization form before your returns can be filed electronically.

In the event that you do not wish to have your tax returns filed electronically, please contact our firm. Additional procedures will apply. You will be responsible for reviewing the paper returns for accuracy, signing them, and filing them timely with the tax authorities.

If you have a tax payment and/or tax refund, and you select to have the taxing agencies to deduct or deposit the taxes from your bank account, you must carefully review the account's routing number and account number for accuracy and sign an authorization form before your returns can be filed.

TIMING OF ENGAGEMENT

We expect to begin our services upon receipt of this executed Agreement, the completed 2022 income tax organizer and all documents requested either in the organizer or by our office.

Our services will conclude upon the earlier of:

- the filing and acceptance of your 2022 tax returns by the appropriate tax authorities and mailing or delivery of non-electronically filed tax returns (if any) for your review and filing with the appropriate tax authorities,

- written notification by either party that the engagement is terminated, or

- one year from the execution date of this Agreement.

If you have the option to file a paper return and choose to do so, our services will conclude upon the earlier of:

- mailing or delivery of your 2022 tax returns for your review and filing with the appropriate tax authorities,

- written notification by either party that the engagement is terminated, or

- one year from the execution date of this Agreement.

Either party may terminate this agreement upon providing a written notice. This agreement will be effectively terminated ten (10) days from receipt by the other party. In such an event, you will only be liable for fees and out-of-pocket expenses incurred to the effective date of such notice. However, we will not be responsible for completion of the work described above in the event of such termination. Should this agreement be terminated prior to completion of services, we will prepare a final bill showing the total fees incurred for services rendered. This amount will be due and payable upon presentation.

EXTENSIONS OF TIME TO FILE TAX RETURNS

The original filing due date for your federal tax returns is April 18, 2023. The information needed to complete the tax returns must be received no later than March 20, 2023 so that the returns may be completed by the original filing due date.

It may become necessary to apply for an extension of the filing deadline if there are unresolved issues or delays in processing, or if we do not receive all of the necessary information from you on a timely basis. Applying for an extension of time to file may extend the time available for a government agency to undertake an audit of your return or may extend the statute of limitations to file a legal action. All taxes owed are due by the original filing due date. Additionally, extensions may affect your liability for penalties and interest or compliance with governmental or other deadlines.

If you are a returning client and/or we prepare your tax return(s) in the last tax year, we will automatically apply for extensions of time to file your 2022 tax returns on your behalf. If you do not want us to prepare and file your extensions, your written request will need to be received by us no later than January 15, 2023.

We will also automatically apply for extensions of time to file your 2023 tax returns on your behalf. If you do not want us to prepare and file your extensions, your written request will need to be received by us no later than January 15, 2024.

Failure to timely request an extension of time to file can result in penalties and interest for failure to file tax returns,

which accrue from the original due date of the returns and can be substantial.

If an extension is applied, the extended filing due date for your federal tax returns is October 16, 2023. All of the necessary information needed to complete the tax returns must be received by us no later than September 18, 2023. Otherwise, we may not be able to complete your tax returns before the filing due date.

PROFESSIONAL FEES

Our professional fee is based on the time required at standing billing rate, currently at $160 per hour, plus out-of-pocket expenses. If you are a returning client, the fee will be similar to the previous year provided current year's transactions are no more than 10% different from those of previous year. If you are a new client, you may request a quote of your expected fee. Any estimate we give is based upon information you initially provide to us. Actual fees may vary as circumstances change and/or new corrected information is made available.

Invoices are issued on the first day of the month following the work is performed. All fees and costs incurred to prepare your income tax returns are due fifteen (15) days after the invoice date. Returns may not be released from our office until full payment is received. We reserve the right to stop work on any account that is 60 days past due. A late payment finance charge will be assessed to the total balance at the rate of 2.0% per month 30 days or more past due, with a minimum of $25 per month. Any Non-Sufficient Funds check will be charged an additional $50 fee. Uncollected invoices will be subject to submittal with collections and incur (i) an administration fee of $250, (ii) collection fees that may include, but not be limited to, collection agency fees, attorney fees, court costs, etc., (iii) ongoing finance charge of 2.0% per month, and (iv) any additional costs incurred.

The client has fifteen (15) days from the invoice date to voice any objections or questions regarding the invoice or any portion or element thereof. After the fifteen (15) day period, all invoices shall constitute acceptance of the invoice as submitted and payment in full will be expected within the required time frame.

If the service recipient or the tax return is prepared for a closely held corporation, partnership, limited liability company, trust, or other entity, the person signing the engagement letter or tax return agrees to be personally liable for our fees if the entity does not pay.

PRIVACY POLICY

A copy of our privacy policy is attached. By signing this engagement letter, you confirm that you have reviewed and agreed to our privacy policy.

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We appreciate the opportunity to be of service. Please date and sign this Agreement and return it to us to acknowledge your acceptance. If you have any questions, please do not hesitate to contact our office at (206) 697-7991. We will not initiate services until we receive the executed Agreement.

Best Regards,

Rick Kai Lam Choi, CPA
Trans-Pacific Accounting and Business Consulting, LLC.

Accepted By:

_____
Taxpayer

_____
Spouse (Signature is required for joint return)

_____
Date