



CERTIFIED PUBLIC ACCOUNTANTS

Dear Client:

The purpose of this letter is to confirm the terms of our engagement and the services we will provide. We expect to perform the following services:

- ◆ Prepare the 2022 federal and state income tax returns with supporting schedules.
- ◆ Prepare the 2023 Minnesota Secretary of State annual renewal, if applicable.

Our work in connection with preparation of your income tax returns does not include procedures to verify your representations, discover defalcations or other irregularities, should any exist.

We will use professional judgment in preparing your tax returns. Due to the continuous changes in tax law, subsequent developments issued by tax authorities may affect your returns. Whenever tax law is unclear, or when conflicting interpretations exist, we will discuss the issue with you. Unless otherwise instructed by you, these issues will be resolved in your favor whenever possible.

You are responsible for proper recording of transactions in the accounts, safeguarding of assets, and substantial accuracy of the financial records. It is your responsibility to provide all the information required for the preparation of complete and accurate returns. You represent that the information you are supplying to us is accurate and complete to the best of your knowledge and that your expenses including meals, entertainment, travel, charitable contributions, and vehicle use are deductible and supported by tax records as required by law. Because you have final responsibility, you should carefully review before you sign and file the returns.

Your returns may be selected for review by the taxing authorities. 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. If you engage our firm to assist you or to correspond with the taxing authorities during a review, we will render additional invoices for the time and expenses involved.

The filing deadline is March 15, 2023 for S Corporation, Multi-member LLC, and Partnership returns. Information needed to complete the return should be provided to our office no later than February 6, 2022. Returns may be extended at our discretion, and therefore we encourage you to provide the information to our office as soon as possible to allow adequate time for preparation. If an extension of time is required, any tax estimated to be due must be paid by March 15, 2023, or you may be subject to interest and late payment penalties.

If the terms outlined are in accordance with your understanding of our engagement, please sign in the space provided below and return this letter to us. We appreciate the opportunity to provide services to you.

Sincerely,

Please complete checklist on back.

KBA Peterson Associates, Inc.



The terms outlined above are in accordance with my understanding and are hereby agreed to. I have completed the checklist on the reverse side of this page and all information is complete to the best of my knowledge.

Signature: _____ Date: _____

Company Name: _____

BUSINESS TAX CHECKLIST

Primary Contact _____
Name *Phone* *Email*

Preferred Method of Contact **PHONE** **EMAIL**

Preferred Method of Receiving Completed Tax Return **PAPER** **ONLINE PORTAL**

Total number of W-2s filed by the business for 2022 _____

YES NO

- Did the **BUSINESS ADDRESS** change? *Update:* _____
- Did the **BUSINESS PHONE NUMBER** change? *Update:* _____
- Did the **BUSINESS BANK ACCOUNT** change? (*Provide Documentation*)
- Were there any ownership changes during the year? If yes, please explain:

- Were there any owner address changes? If yes, please explain:

- Did any payments require Form(s) 1099 to be filed?
If yes, All required Forms 1099s were filed
- Did the business purchase any assets this year? If yes, provide asset detail including cost and date purchased.

- Did the business dispose of any assets this year? If yes, provide detail including date and method of disposal.

Pass Through Entity (PTE) Tax

In 2021, Minnesota passed a new passthrough entity (PTE) tax. Many individual taxpayers are no longer able to itemize or they are limited by the \$10,000 state and local tax deduction limitation. The PTE tax is a workaround that allows the business to pay and deduct state tax at the entity level. This provides potential tax savings to the shareholders/partners of S-Corporations, partnerships, and multi-member LLCs. However, this tax is due on the due date of the return, March 15, 2023. Payments after this date are subject to penalties and interest. It is more important than ever to turn in your tax information as soon as possible to determine your PTE eligibility.

Important Information

- ✓ Turn in your business information as soon as possible.
- ✓ Include all required information, including this completed checklist and engagement letter.
- ✓ Deadline for submitting business information is February 6, 2023.
- ✓ S-Corporation/Partnership tax return due date is March 15, 2023.