



# S. SHARMA TAX, INC.

INCOME TAX & ACCOUNTING SERVICES

## BUSINESS SERVICES ENGAGEMENT LETTER

Name of Company: \_\_\_\_\_

This letter is to confirm our understanding of the terms and objectives of our engagement (“Agreement”) and the nature and limitations of the services S. Sharma Tax, Inc, (“we” or “Company”) will provide.

For the fiscal year ended 2023, please select the services you would like us to render:

**Business Start-Up Services:** We’ll assist in starting up LLCs and Corporations. We will ask relevant questions to help determine which entity would be best for your business activity as related to taxation within the United States and the relevant tax advantage/disadvantages. These are self-help services at your specific direction. We are not a law firm, or do we substitute for the professional guidance you may receive from an attorney or law firm. We cannot provide any kind of advice, explanation, opinion, or recommendation about possible legal rights, remedies, defenses, options, selection of forms or strategies.

**Business Income Tax Return** (S-Corporation, C-Corporation, Partnership LLC, or General Partnership): This includes preparation of a Federal and State (if applicable) business income tax return. Please note that we do not file local taxes. That will be the client’s responsibility.

**Bookkeeping and Accounting:** Bookkeeping services provided on a monthly basis. We’ll record all necessary transactions into their proper accounts and reconcile on a monthly basis.

- QuickBooks Online Subscription (Add-on)
- AR, AP, and/or Invoicing services (Add-on)

**Payroll Services:** This service includes payroll processing, salary distribution (direct deposit), AC payment of quarterly and annual payroll taxes, processing of quarterly and annual payroll forms, and W2s produced at the end of the year. Payroll can be processed weekly, bi-monthly, monthly, or quarterly. Includes payroll for up to 4 employees and 1 state. Additional Employees and States will be subject to additional fees.

- HR Services (Add-on)
- Prepare 1099s for contractors (Add-on)

**Sales Tax Returns:** We will review your sales journals and prepare your sales tax returns. The services are billed per sales tax return submission.

**Other Service(s):** \_\_\_\_\_

**Total Fee:** \_\_\_\_\_

**Retainer/Deposit:** \_\_\_\_\_

**Initial Payment Due:** \_\_\_\_\_

**Subsequent Payments Due:** \_\_\_\_\_

**Engagement Effective Date:** \_\_\_\_\_

## Terms of Service

- 1 **Engagement.** Our engagement is limited to the period and the accounting services selected above.
- 2 **Disclaimer.** We will not audit or review your financial statements, or any other accounting documents and information you provide, in accordance with generally accepted auditing standards. Accordingly, we ask that you do not in any manner refer to this as an “audit” or “review.” Nor will we otherwise verify the data you submit for accuracy or completeness. Rather, we will rely on the accuracy and completeness of the documents and information you provide to us. Accordingly, our engagement cannot be relied upon to disclose errors, fraud, or other illegal acts that may exist. However, it may be necessary to ask you for clarification of some of the information you provide, and we will inform you of any material errors, fraud, or other illegal acts that come to our attention, unless they are clearly inconsequential. In addition, we have no responsibility to identify and communicate significant deficiencies or material weaknesses in your internal controls as part of this engagement, and our engagement cannot, therefore be relied upon to make disclosure of such matters.
- 3 **Access to Documents and Data.** In order for us to complete this engagement, and to do so efficiently, we require unrestricted access to the following documents and information concerning your company:
  - a) You are responsible for adopting sound accounting policies, for maintaining an adequate and efficient accounting system, for safeguarding assets, for authorizing transactions, for retaining supporting documentation for those transactions, and for devising a system of internal controls that will, among other things, help assure the preparation of proper financial statements. Furthermore, you are responsible for management decisions and functions, for designating a competent employee to oversee any of the services we provide, and for evaluating the adequacy and results of those services.
  - b) You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Company involving (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements. You are also responsible for informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Company received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws and regulations.
  - c) Copies of basic documents reflecting your financial transactions, including check stubs, summaries of cash receipts and sales (cash and charge), bank statements and canceled checks, listings of accounts receivable and accounts payable, and documentary support of property and equipment transactions-purchases, trades, sales, and other dispositions;
  - d) Information concerning any mortgage or pledge of business assets on business debts, any personal guarantees or debt, leases, or other information that affects or may affect the results of operations of the business;
  - e) Any other financial information necessary for purpose of reflection on your accounting records, trial balance and tax returns;
  - f) Identification of all cash receipts as to source (i.e., loans, sales, etc.), and information concerning all transactions that are consummated with cash;
  - g) Organization documents such as Articles of Incorporation, Articles of Organization, Operating Agreements and Bylaws;
  - h) Other documents necessary for correct account reporting.

- 4 **Failure to Provide Adequate Documentation.** Any failure to provide such documents and information, and to do so on a timely basis, will impede our services, and may require us to suspend our services or withdraw from the engagement. You agree to accept responsibility for any effect on your accounting records and financial statements of basic financial information or transaction documents not submitted to us for processing and entry, or losses that may result from their absence.
- 5 **Account Reconciliation.** For purposes of entry of the financial information from your basic transaction documents, classification according to the agreed-upon chart of accounts will be performed by you or your employees. As business conditions change, we may mutually agree to change/modify this arrangement.
- 6 **Payment of Fees.** All fees are determined by the nature of the work that is required. We generally do not charge a flat fee unless agreed upon in writing. In the event additional services beyond the original scope of work are required, additional fees may apply. Any additional services requested will be billed separately. A retainer of 50% of the estimated service cost is required for us to begin any services requested. The balance will be due immediately prior to the service being completed. All invoices are due and payable upon receipt. Invoices unpaid 15 days past the billing date may be deemed delinquent and we reserve the right to suspend our services or to withdraw from this engagement in the event that any of our invoices are deemed delinquent. Invoices greater than 30 days past due are subject to a late fee of 1.5% per month or the maximum allowable by law. In the event that any collection action is required to collect unpaid balances due us, you agree to reimburse us for our costs of collection, including attorneys' fees. If we elect to terminate our services for nonpayment, or for any other reason provided for in this letter, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us on a prorated basis for services provided through the date of termination.
- 7 **Method of Payments.** The use of electronic payment options is offered as a courtesy for your convenience. System availability has no bearing on your due date. Plan ahead to ensure timely payment. S. Sharma Tax, Inc. will NOT be liable for any claims, damages, losses or expenses arising out of the inaccuracy in preparation or delivery of data input for the Electronic Funds Transfers and credit or debit entries prepared by You, a third party, or other person or company authorized by You to do so. Furthermore, S. Sharma Tax, Inc. will NOT be liable if (1) through no fault of ours You do not have enough money available for use in your account to make the transfer, (2) the funds are frozen because of a court order or any other encumbrance that restricts the transfer, (3) We do not receive the necessary transfer data from You or a third party, (4) there are unusual or extraordinary circumstances which would indicate improper or unlawful use of your account. You understand that S. Sharma Tax, Inc. cannot verify the electronic deposit or withdrawal has been processed. If S. Sharma Tax, Inc. receives notice that my Electronic Funds Transfers transaction was not processed as requested, S. Sharma Tax, Inc. may, as a courtesy, attempt to contact me by email and/or by telephone. I understand that a transfer reject may occur, and I understand that it is my own responsibility to verify the success of my Electronic Funds Transfers transaction request with my financial institution. S. Sharma Tax, Inc. will not be responsible for any transactions effected in my account. There will be a \$25.00 additional charge on all bounced payments of our service fees (paper and/or electronic).
- 8 **Record Retention.** It is our policy to retain engagement documentation for a period of three years.
- 9 **Legal Fees Incurred.** In the event we are required to respond to a subpoena, court order or other legal process for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this engagement, you agree to compensate us for the time we expend in connection with such response, and to reimburse us for all of our out-of-pocket costs incurred in that regard.
- 10 **Indemnification.** In the event that we are or may be obligated to pay any cost, settlement, judgment, fine, penalty, or similar award or sanction as a result of a claim, investigation, or other proceeding instituted by any third party, and if such obligation is or may be a direct or indirect result of any inaccurate or

incomplete information that you provide to us during the course of this engagement, you agree to indemnify us, defend us, and hold us harmless as against such obligation.

- 11 **Limitation of Liability.** In no event will either party be liable to the other or to any third-party for any loss of use, revenue, profit, or loss of data, for any consequential, incidental, indirect, exemplary, special, or punitive damages whether arising out of breach of contract, tort (including negligence) or otherwise, regardless of whether such damage was foreseeable and whether or not such party has been advised of possibility of such damages. In no event shall any claim for damages against Company exceed the value of this Agreement.
- 12 **Confidentiality.** The parties agree to keep the terms of this Agreement confidential. We will do our best to ensure none of your financial information is disclosed to any third-party without your consent. You understand that we may employ contractors or similar personnel to assist us with providing the services above. Such individuals are also bound by a confidentiality agreement to ensure the protection of your sensitive financial data.
- 13 **Dispute Resolution.** You agree that any dispute that may arise regarding the meaning, performance or enforcement of this engagement or any prior engagement that we have performed for you shall first, in good faith, be submitted to mediation administered within the county of Los Angeles, California by the American Arbitration Association (AAA) under its Commercial Mediation Rules. All unresolved disputes shall then be decided by final and binding arbitration in accordance with the Commercial Arbitration Rules of the AAA. Fees charged by any mediators, arbitrators, or the AAA shall be shared equally by all parties. In agreeing to arbitration, the parties to these Terms of Service acknowledge that in the event of a dispute arising out of this engagement, each of the parties is giving up the right to have the dispute decided in a court of law before a judge or jury and instead is accepting the use of arbitration for resolution.
- 14 **Entire Agreement.** This engagement letter is contractual in nature and includes all of the relevant terms that will govern the engagement for which it has been prepared. The terms of this letter supersede any prior oral or written representations or commitments by or between us. Any material changes or additions to the terms set forth in this letter will only become effective if evidenced by a written amendment to this letter, signed by all of the parties.
- 15 **Acceptance.** If, after full consideration and consultation with counsel, if so desired, you agree that the foregoing terms shall govern this engagement, please sign the copy of this letter in the space provided and return the original signed letter to US, keeping a fully-executed copy for your records.

[ ] **Reviewed the Terms of Service**

By signing below, the parties agree they have read and under the Terms of Service the govern this Business Services Engagement Letter and agree to be bound by said terms.

Client: \_\_\_\_\_

S. Sharma Tax, Inc.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

Name:

Name:

Title:

Title: