

2020 INDIVIDUAL TAX RETURN ENGAGEMENT LETTER

Client Name _____

Street and No. _____

Postal code and City _____

Dear Client:

Expatax B.V. (“firm,” “we,” “us,” or “our”) is pleased to provide you with the professional services described below. This letter, our Terms & Conditions and Privacy Policy (collectively, “Agreement”), confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the services we will provide. You may visit our website at www.expatax.nl to review our Terms & Conditions and our Privacy Policy. Digital or paper copies of these policies will be made available to you upon your request. The engagement between you and our firm will be governed by the terms of this Agreement.

Personal data

Our firm provides you with U.S. tax return preparation services. For this purpose we use a U.S. tax software that is hosted on servers located within the United States. We also send your personal information digitally to the United States Internal Revenue Service and other U.S. taxing authorities. By engaging us for the services mentioned below you agree that your personal data is transmitted from within the EU to the United States.

Engagement Objective and Scope

We will prepare the following federal tax return for the year ended December 31, 2020:

Form 1040 U.S. Individual Income Tax Return

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”). Our work is not intended to benefit or influence any third party, either to obtain credit or for any other purpose.

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 (“SSTs”) 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 tax return 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 prepare your tax returns based upon your filing status 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.

Tax planning services

Tax planning services are not within the scope of this engagement. 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.

Client Responsibilities

We will provide you with a document checklist and worksheets to help you compile and document the information necessary to prepare your income tax returns. You must provide us 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 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, 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. 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. 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 writing. The terms in this Agreement will apply to any gift tax return you ask us to prepare.

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* or 3520-A, *Annual Information Return of Foreign Trust with a U.S. Owner*. If you ask us to prepare this return, we will confirm this in writing. The terms in this Agreement will apply to any gift tax return you ask us to prepare.

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. 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. You acknowledge that any additional filing obligations are not within the scope of this engagement. If you ask us to prepare these returns, we will confirm this representation in writing. The terms in this Agreement will apply to any State or local tax return you ask us to prepare.

U.S. filing obligations related to foreign investments

As part of your filing obligations, you may be required to make certain information disclosures related to your foreign investments. You are responsible for informing us of all foreign assets owned directly or indirectly, including but not limited to financial accounts with foreign institutions, other foreign non-account investments, and ownership of any foreign entities, regardless of amount.

In addition, 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 that exceed certain thresholds.

Based upon the information you provide, we will 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 timely file the required forms may result in substantial civil and/or criminal penalties. By your signature below, you agree to provide us with complete and accurate information regarding any foreign investments that you have a direct or indirect interest in, or over which you have signature authority, during the above referenced tax year.

Form 114, Report of Foreign Bank and Financial Accounts ("FBAR")

This report is not a tax return nor is the related filing requirement part of filing an income tax return. It is a report filed with FinCEN, an agency of the U.S. Department of the Treasury, in compliance with the Bank Secrecy Act. FinCEN may share the information in this report with other federal and state agencies, including the Internal Revenue Service ("IRS").

Upon your written confirmation, we will prepare your FBAR 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.

You are responsible for informing us of all foreign financial assets and interests, including any financial interest in, or signature authority over assets, or financial accounts located in a foreign country. This information includes but is not limited to savings accounts, checking accounts, current accounts, securities accounts, custodial accounts, certificates of deposit, time deposits, mutual funds, annuities, insurance policies with cash surrender values, retirement accounts, and pension accounts. In addition, any ownership interests you directly or indirectly hold in an entity or company located in a foreign country such as a corporation, partnership or trust must be reported. Please disclose all items that may possibly fall within this broad definition. You are responsible for asking us if you have any questions about what is required to be reported.

We cannot answer questions about use of the FBAR by agencies other than FinCEN. All such questions should be directed to your attorney for response prior to authorizing us to file the FBAR on your behalf.

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.

Virtual/currency

The IRS considers virtual/currency (e.g., Bitcoin) as property for U.S. federal income tax purposes. As such, any transactions in, or transactions that use, virtual currency are subject to the same general tax principles that apply to other property transactions.

If you had virtual currency activity during the tax year, you may be subject to tax consequences associated with such transactions and may have additional reporting obligations. You agree to provide us with complete and accurate information regarding any transactions in, or transactions that have used, virtual currency during the applicable tax year.

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.

Ultimate responsibility

You have final responsibility for the accuracy of 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.

Timing of the Engagement

We expect to begin our services upon receipt of this executed Agreement and the receipt of all documents requested either in the checklist or by our office.

Our services will conclude upon the earlier of:

- the filing and acceptance of your 2020 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.

Extensions of Time to File Tax Returns

The original filing due date for your tax return is April 15th, 2021 if you reside in the U.S. and June 15th, 2021 if you reside outside of the U.S. 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. All taxes owed are due by the original filing due date.

Penalties 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 or late filing of returns, and underpayment of taxes. You, as the taxpayer, 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.

Professional Fees

Our professional fee for the services outlined can be found on our website at: <https://www.expatax.nl/pricing-us-tax/>. This fee is based upon the complexity of the work to be performed and our professional time, for above average complexity returns a higher fee may apply. You will be notified on this increase in advance. In addition, this fee depends upon the timely delivery, availability, quality, and completeness of the information you provide to us. You agree that you will deliver all records requested and respond to all inquiries made by us to complete this engagement on a timely basis. You agree to pay all fees and expenses incurred whether or not we prepare the tax returns.

* * * * *

We appreciate the opportunity to be of service to you. Please date and execute this Agreement and return it to us to acknowledge your acceptance. We will not initiate services until we receive the executed Agreement.

Very truly yours,

Noa Rawlinson, CPA

Expatax B.V.

ACCEPTED:

Client Name

Spouse Name (for JOINT returns only)

Client Signature

Spouse Signature (for JOINT returns only)

Date

Date