

# Tax Services – Business Taxpayers

## Statement of Work



Client(s): \_\_\_\_\_

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

The taxpayer(s) identified above (you or your) and KDP Certified Public Accountants, LLP (we, our, us or KDP) have entered into an engagement letter for tax services (the Engagement Letter). Under the Engagement Letter, the scope and nature of our tax services and any deliverables are to be described in separate statements of work for separate projects. This document is a “Statement of Work” under the Engagement Letter.

All services described in or provided pursuant to this Statement of Work are subject to the terms, conditions and limitations of the Engagement Letter and the Standards of Services in Tax Matters for Business Taxpayers (the [Standards of Services](#)) and are in effect as of the above date. Handwritten changes to this Statement of Work will have no legal effect.

This Statement of Work will become effective only upon signature below by you or your authorized representatives.

### Description of Our Services under this Statement of Work

#### Tax Return Preparation

We will prepare your annual federal income tax and resident state income tax returns for the tax year ending December 31, 2023. If you would like to add related taxpayers or other states or localities, please call us to discuss expanding the scope of our tax return preparation services. If you choose to add taxpayers or jurisdictions, this will increase the amount of our fees and expenses described below.

Schedule K-2 and K-3 forms include a dramatic expansion in the amount of U.S. international tax information required to be reported on partnership and S corporation tax returns and any entity or persons required to file Form 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships. Schedules K-2 and K-3 standardize the format for reporting U.S. international tax information to the partners and shareholders of pass-through entities and provide more clarity for shareholders and partners on how to calculate their U.S. income tax liability.

These requirements and any additional Schedule K-2 and K-3 guidance released by the IRS will require us to spend additional time in collecting and compiling the requisite data and in preparing these returns. Any work related to preparing Schedules K-2 and K-3 would increase the amount of our fees for preparing the 2023 income tax returns, and the amount of our fees under this Statement of Work would increase accordingly. If you meet the domestic filing exception, based on information received from you, we will not prepare Schedules K-2 and K-3.

U.S. citizens and U.S. residents who are officers, directors or shareholders in certain foreign corporations may be required to attach Form 5471, *Information Return of U.S. Persons With Respect To Certain Foreign Corporations*, to a federal income tax return. Based upon information previously provided to us, we do not expect to prepare Form 5471 in connection with your federal income tax return. If we subsequently determine that one or more Form(s) 5471 should be attached to your return, we will discuss this determination with you. Preparation or review of Form(s) 5471 would increase the fees for tax return preparation described below.

Some taxpayers have begun issuing, utilizing, trading or investing in virtual currencies (e.g., Bitcoin). IRS guidance governing the reporting of transactions involving virtual currencies generally requires each transaction to be treated as a sale or exchange of property at its then fair market value, so clients' accounting systems must be able to track these transactions and determine fair market value to ensure proper income tax reporting. If you have engaged in transactions involving virtual currencies, we may be required to review your systems of accounting for those transactions and your approach to determining fair market value of the virtual currencies, which may increase the amount of our fees. Please note that in preparing any tax returns reporting virtual currency transactions, we will not provide any assurance as to the correctness of any determination of fair market value.

During the course of our engagement, we may accumulate records containing data that should be reflected in your books and records. We, in our sole discretion, will determine the information that should be included in your books and records and will make this information available to you. It is your responsibility to ensure that the information is in fact incorporated into your records. If you believe additional information is required to complete your books and records, please contact us. We will have no obligation to provide any information that we determine is not required for your books and records and we have no obligation to provide information in an electronic format that is capable of being modified or edited. Accordingly, you do not expect us to maintain copies of such records in our possession.

To prepare your tax returns, it will be necessary for you to provide us with the financial and other information that we request. We may provide you with an organizer, a questionnaire and/or another request for information for the preparation of your returns, and it is necessary for you to respond to these requests completely and accurately. If you have any questions concerning a particular question or request, please contact us. You should also provide us with copies of information returns and other documentation relating to your taxable income (e.g., K-1s). For us to prepare state income or franchise tax returns, you must provide us with information indicating the amount of income earned in each state, and the sales, property and employees in each state.

You must deliver all financial and other information necessary for preparation of your returns to us at least 45 days prior to the due date of the returns. Applicable laws and professional standards require us to apply certain review procedures in preparing a tax return, and we need adequate time to perform these procedures. If for any reason you are unable to provide us with this information at least 45 days prior to the due date, it will likely be necessary to seek an extension of the time for filing (if available).

**Accounting and Bookkeeping Matters**

In connection with preparing your tax returns, we will review your internal trial balance, and we may suggest adjustments to your trial balance if necessary for the preparation of your tax returns in accordance with applicable law. This trial balance review and proposed adjustments (if any) does not constitute a review of any transaction entered in your books and records for compliance with tax laws and is not Tax Advice under the Standards of Services. Accounting and bookkeeping activities not described in this paragraph and directly below are outside the scope of this Statement of Work and would be performed under a separate statement of work and for additional fees.

**Other Services and Compliance Reporting**

We will also perform the following services if they were performed in the prior year:

- Annual and/or quarterly payroll reports
- Payroll processing
- 1099/1096 processing
- Automobile fringe calculations
- Prepared financial statements
- Personal property tax returns
- Recurring accounting services
- State sales tax returns

If you would like us to perform other services that were not performed in the prior year, please call us to discuss expanding the scope of this statement of work.

**Impact of Tax Reform**

Our services in preparing your tax returns do not include tax planning services to take advantage of changes adopted by tax reform. We are of course happy to meet with you to discuss these planning opportunities and to assist you in implementing your preferred alternatives, but those services would be performed under a separate statement of work and for additional fees.

**Estimated Taxes**

We will assist you in calculating estimated tax payments for 2024 in an amount intended to avoid these penalties under the Internal Revenue Code and under the laws of the states in which you file 2023 income or franchise tax returns. If you request in writing at least 30 days prior to the due date of an estimated tax payment, we will also provide you with estimated tax planning recommendations. Fees for these supplemental recommendations would be in addition to our fees for annual income tax return preparation.

**Nonresident Withholding**

You have not engaged us to assist you with respect to any nonresident withholding matters. If in the future you would like us to assist you with nonresident withholding, you should contact us at least 30 days prior to any payment to a nonresident owner/beneficiary to discuss expanding the scope of our services. Fees for nonresident withholding tax services would be in addition to our fees for annual income tax return preparation.

**Foreign Account Reporting**

You have not engaged us to assist you with respect to any FinCEN Form 114, *Report of Foreign Bank and Financial Accounts* (the FBAR). These foreign account filings are beyond the scope of normal tax return preparation. If you would like us to prepare FBARs on your behalf or if you have questions concerning your filing obligations, you should contact us as soon as possible to discuss expanding the scope of our services. Fees for FBAR-related services would be in addition to our fees for tax return preparation.

**Consultations Regarding Tax Matters**

In connection with your tax returns or in response to your request(s), we may respond to questions, provide general tax information or explanations, discuss tax issues or otherwise consult with you concerning various tax matters. We call your attention to the limited nature of due diligence and research typically performed in providing information regarding tax matters orally or via email, and the limitations on your ability to rely on any oral or email communications.

**Consultations Regarding General Business Matters**

We recognize that you face a wide variety of business questions and challenges. In connection with your tax returns or in response to your request(s), we may respond to your questions, provide general information or explanations, discuss issues or otherwise consult with you to provide you with insights regarding nontax matters based on the experience of the tax professional primarily responsible for overseeing our tax services to you. We call your attention to the limited nature of research typically performed in providing this general business information. We are of course happy to meet with you to discuss your business questions and challenges in more detail and to assist you in tailoring solutions for your business, but those services would be performed under a separate statement of work and for additional fees. Any such nontax advice does not constitute legal or investment advice.

**Beneficial Ownership Information (BOI)**

Effective January 1, 2024, new information reporting requirements for certain types of entities that were created in or are registered to do business in the US and for organizers of these entities have been implemented. These new reporting requirements were established under the Corporate Transparency Act (CTA) and are designed to identify the ultimate owners or the individuals who control companies. Refer to FinCEN's website (<https://www.fincen.gov/boi>) for details. The CTA reporting requirements fall outside the scope of tax compliance and other permissible services that KDP can provide. As a result, KDP is restricted from assisting or advising you regarding these new rules. It is strongly advised that you familiarize yourself with these new rules. These reporting requirements are complex and we encourage you to consult with your attorney to ensure that you are in compliance with these new requirements.

**Fees and Expenses**

Our fee for these services will be based on the actual time spent at our standard hourly rates. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your professional service team and range from \$140 to \$410. The following are KDP's minimum fees to prepare 2023 business returns:

\$1,500 Passthroughs (S Corporations, Partnerships)      \$2,500 C Corporations

Subject to applicable law and professional standards, if you fail to pay an invoice when due, we reserve the right to withhold any tax return, Tax Advice, other deliverable, document or file until your account is paid in full or you have made other payment arrangements satisfactory to us. In addition, if you fail to pay any invoice when due we reserve the right to suspend performance of our services until your account is paid in full or you have made other payment arrangements satisfactory to us. Our suspension of services will not affect your obligations to us under the Engagement Letter, the Standards of Services or any Statement of Work.

Sincerely,

KDP Certified Public Accountants, LLP

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**ACKNOWLEDGMENT:**

Each signatory below represents that he or she has the legal power and authority to act on behalf of and to bind each entity on behalf of which he or she has signed this Statement of Work.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title