

David Oase CPA, PC
Certified Public Accountants
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Dear Client:

As the year winds down, the tax reporting forms begin to arrive, and we want to remind you which ones we need you to accumulate and send to us with your tax information. First, there are a couple of new forms this year that most people will see, and which we need you to provide to us:

- IRS Notice 1444-C for the 2021 stimulus check; and
- IRS Letter 6419 for those folks that received the advance child credit.

Speaking of the advanced child credit, if you received it in advance, please understand that your refund this year may be reduced!

We still need the annual information forms that are sent to you for tax purposes. As a reminder, here is a simple checklist:

- W-2 for wages W-2G for gambling 1099-Int for interest
- 1099-DIV for dividends 1099-B Brokerage SSA-1099 Social Security
- 1099-NEC for income 1099-Misc for income 1099-K for income
- 1099-R for retirement 1099-G for refunds & unemployment
- 1099-Int for mortgages 1098-T for tuition 1099-SA for HSA's
- K-1 forms from investments in S corporations or partnerships
- Form 5498 for IRA values IRA and Roth IRA contributions for 2021

- Child care costs, and the name, address, amount and ID # of the recipient
- Charitable donations-total amounts and recipients
- Property tax paid on your home, property, or cars
- Estimated tax payments and dates
- Any letters you received from the IRS or state tax authorities
- Our engagement letter

If you want the 20-page organizer, please call or send an email.

Again, IRS scrutiny of foreign accounts means that you need to be absolutely clear about any non-US accounts or income so that we report it correctly.

If you have bought and/or sold a home in 2021 we need the closing statements on both purchases and sale.

Finally, if you bought or sold any Crypto Currency, we need reports from your software showing gains and losses to be reported to the IRS.

Social Security recipients should expect a 7% increase in benefits minus Medicare increases because of inflation this year. Because of COVID we have kept our prices pretty flat for the last 2 years. You should expect an increase in our fees of about 10% because of inflation.

Every year we are reminded how much we value your business, and we want to once again say thank you. Please call us with any questions.

Sincerely,



2021 ITEMIZED DEDUCTION WORKSHEET

Most people can't itemize so this is optional

Medical expenses

paid by cash, check or credit

Prescriptions Drugs/Insulin \$ _____

Doctor, Dentist, Hospitals etc _____

Medical Devices (eyeglasses etc) _____

Health Insurance you paid directly _____

Medicare Supplement _____

(Please bring all 1095s received)

(Also bring 1099-SA/5498-SA from HSA plans)

Long Term Care Insurance _____

Transportation/Medical- Ambulance _____

Less: Insurance Reimbursement _____

Mileage to/from Drs/Hosp. _____miles

Taxes

Sales Tax on purchase of: Cars, Boats, Motorcycles, _____

Real Estate Taxes - on Home _____

-on non-rental Investment Property _____

Vehicle Registration(s) _____

(Bring Form 1098) Mortgage Interest

	Balance Due	Interest
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1st Mortgage	\$ _____	\$ _____
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2nd Mortgage/home	\$ _____	_____
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Home Equity	\$ _____	_____
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(Home Equity loans are only deductible if funds were used to improve your home. If you paid off Credit card it's not deductible.)

Mortgage Insurance Premiums _____

Charity Contributions

by Cash or Check

Church/Temple \$ _____

Volunteer Expenses _____

Donated Mileage _____miles

Contributions of "stuff" –

Non-Cash

_____	_____	_____
Charity Name	What did you give?	Date
Cost \$ _____	Estimated Value \$ _____	

_____	_____	_____
Charity Name	What did you give?	Date
Cost \$ _____	Estimated Value \$ _____	

OTHER DEDUCTIONS/CREDITS:

Teaching Supplies (K-12 teachers) _____

Student Loan Interest _____

Alimony paid _____
Year of Divorce _____

Contributions to:

IRA self \$ _____ spouse \$ _____

ROTH IRA self \$ _____ spouse \$ _____

COLLEGE TUITIONS – (Bring Form 1098-T)

Who _____ \$ _____

Books _____ \$ _____

Third Rebate Received \$ _____

Advanced Child Tax Credit Received \$ _____

Arizona Only – Deductions/Credits

College Savings Plan Contributions 529 \$ _____

AZ Private School Scholarship Contrib. \$ _____

Org. Name _____

Date Paid _____

AZ Public/Charter School Contributions \$ _____

School Name _____

Date Paid _____

AZ Working Poor/Foster Care Contrib. \$ _____

Name of AZ Charity _____

Date Paid _____

Arizona Credits are NOT Deductible as
Charity on Federal return

2021 ITEMIZED DEDUCTION WORKSHEET

Most people can't itemize so this is optional

INTEREST and DIVIDEND INCOME - Please bring the 1099s

Interest Income for which you **did not receive a 1099:**

Name	Amount	Name	Amount
_____	\$_____	_____	\$_____
_____	_____	_____	_____

SALE OF STOCKS (or Mutual Fund) - Please bring the 1099s

MISCELLANEOUS INCOME

Alimony Received	_____	Scholarships	_____
Odd Jobs/Baby Sitting	_____	Jury/Election Duty	_____

Unemployment Benefits & State Income Tax Refunds – (Bring Form 1099G from State)

Social Security Disability & Retirement - (Bring Form SSA-1099 from Social Security)

Gambling Winnings (bring W-2G or 1099)

Gambling Losses _____
(Deductible Up to amount of winnings if you itemize)

Advanced Child Tax Credit Received \$_____

Child Care / Baby Sitters (Bigger credit up to \$6000 this year)

Person / Organization	Address	City/State/Zip	*Required SSN or EIN	Amount Paid	Child Name
_____	_____	_____	_____	\$_____	_____
_____	_____	_____	_____	\$_____	_____
_____	_____	_____	_____	\$_____	_____

Quarterly Estimated Tax Payments Paid

For those of you who pay your income taxes quarterly, we need the following:

Date Due	Date Paid
04/15/21	
06/15/21	
09/15/21	
01/18/22	

Federal Estimate
\$
\$
\$
\$

Arizona Estimate
\$
\$
\$
\$

**2021
Business or Professional - Worksheet**

INCOME – The actual amount you received

Sales	\$	Commissions, Prizes & Awards	
Fees for Services		PPP Loan Received	
Sales Tax Collected		Less: Refunds Given	

INVENTORY – At cost (NOT at the retail/resale value)

1-1-21 Beginning Inventory	\$	Less: Used for Demonstrations	
Purchases of Materials/Mdse			
Less: Personal Use Items		12-31 Ending Inventory (at cost)	

EXPENSES

(Ordinary and Necessary Expenses)

Advertising		Tools	
Answering Service		Travel – hotel, flight, rental car	
Bad Debts		Meals	
Bank Charges		Entertainment (not deductible)	
Car/ Truck Expenses(on back)	XXXXXX	Uniforms	
Commissions		Utilities (home office on back)	
Contract Labor		Wages & Salaries	
Delivery & Freight		Other Expenses	
Dues & Subscriptions		Conventions & Seminars	
Employee Benefit Programs		Education & Training	
Health Insurance (Owners)		Website Setup & Service	
Health Insurance (Employees)		Software Costs	
Insurance (Other than health)		Mary Kay Deductions:	
Janitorial		Inventory Used for Demos	
Laundry & Cleaning		Section 2 Supplies	
Legal & Professional		Unrecovered Sales Tax	
Office Expense			
Outside Services			
Parking & Tolls			
Postage			
Printing			
Rent – Vehicles, Equipment			
Rent – Building			
Repairs			
Security		*IRS safe harbor for cell phones	
Supplies		is 50% of expenses. Your home	phone is not
Taxes – Real Estate		Deductible unless you have	more than 1
- Payroll		Payments over \$600 for services	provided to
- Sales Tax		You must be reported on 1099s	
Telephone*		Did you issue 1099s required	by law?

(circle one) Yes No Not Required

2021 Rental Income

Name _____

Property Description & Address (zip code required)

A _____ Rent to a Relative? _____ Personal Use Days _____

B _____ Rent to a Relative? _____ Personal Use Days _____

C _____ Rent to a Relative? _____ Personal Use Days _____

	A	B	C
# Days Rented in 2021			
# Hours managing			
Total Rents Received	\$	\$	\$
Expenses:			
Advertising	\$	\$	\$
Association Fees HOA			
Auto Expense & Travel	\$	\$	\$
Or # of Miles Driven	miles	miles	miles
Cleaning and Maintenance			
Commissions			
Gardening			
Insurance			
Legal & Professional Fees			
Licenses and Permits			
Management Fees			
Miscellaneous			
Mortgage Interest			
Qualified MIP Insurance			
Painting & Decorating			
Pest Control			
Plumbing & Electrical *			
Repairs *			
Supplies			
Real Estate Taxes			
Utilities			

* Some Repairs cannot be expensed in one year.

Purchase of Rental, carpet, stove, refrigerator, improvements and big repairs

Description	Date	A	B	C

If you bought or sold the Rental House this year, please bring us the closing statement too.

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Individual Engagement Letter

This letter is to confirm our understanding of the terms of our engagement and to clarify the nature and limitations of the services we will provide. To ensure an understanding of our mutual responsibilities, we ask all clients for whom returns are prepared to confirm the following arrangements.

Tax Preparer Responsibility

We will prepare your **2021** Federal and *Specify State(s)*_____ Individual income tax returns from information, which you furnish to us. We will not audit or otherwise verify the data you submit, although it may be necessary to ask for clarification of some of the information. If you have taxable activity in a state other than that specifically listed, we will not prepare them unless requested. We will prepare only those state returns specifically listed above.

Taxpayer Responsibility

It is your responsibility to provide all the information required for the preparation of complete and accurate returns including but not limited to barter, crypto-currency, consumer-to-consumer activity, cash-based revenues, and all other income whether received in-person, in-kind, or electronically, as well as any amounts borrowed against your home, and proof that your dependents live with you. You should retain all the documents, canceled 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. You have the final responsibility for the income tax returns. Review the returns carefully before signing and filing them.

_____ Initial if you have a **foreign accounts (checking, savings, stocks etc)**. We will file Form 114 to report it. You are responsible for filing Form **FinCen 114** required by the U.S. Department of the Treasury on or before April 15th of each year plus extensions. There is a 50% penalty (of the account balance) for failure to file; if in doubt, tell us.

_____ Initial if you bought or sold any Virtual Currency (Bitcoin etc.) We will need Gain and Loss worksheets.

Our work in connection with the preparation of your income tax returns does not include any procedures designed to discover defalcations or other irregularities, should any exist. We will render such accounting and bookkeeping assistance as determined to be necessary for preparation of the income tax returns.

We will use professional judgment in resolving questions where the tax law is unclear, or where there may be conflicts between the taxing authorities' interpretations of the law and other supportable positions. Unless otherwise instructed by you, we will resolve such questions in your favor whenever possible. This engagement does not include tax planning or the rendering of advice on tax savings opportunities.

The law provides various penalties that may be imposed when taxpayers understate their tax liability. If you would like information on the amount or the circumstances of these penalties, please contact us.

Your returns may be selected for review by the taxing authorities. Any proposed adjustments by the examining agent are subject to certain rights of appeal. In the event of such government tax examination, we will be available upon request to represent you and will render additional invoices for the time and expenses incurred. When a tax examination results in additional taxes, interest and penalties are normally added to the balance

payable to the government. It is understood that interest and penalties resulting from a tax examination are the responsibility of the taxpayer. David Oase CPA PC is responsible for penalties resulting from clerical error.

The IRS requires that we have written authorization from you before sending any portion of your tax return to a third party (like a mortgage company). See our website for this “consent to disclose” form.

Married taxpayers who are filing a joint return. State law does not allow us to keep information confidential from your spouse. If we become aware of a conflict, we will resign as your tax preparer until the conflict is resolved.

It is essential that you submit all of your tax information to us prior to April 1st in order to have your tax return processed before April 15, 2022. If your tax appointment is scheduled after April 1st, it is understood that your tax return will be extended unless we mutually agree otherwise. If there is any missing information or other circumstances beyond our control, extensions may be mandatory. Our estimate of the tax due for purposes of an extension is subject to revision upon completion of the final tax return. Any difference between the amount of tax computed for purposes of an extension and the final tax return may result in inadequate estimated tax payments and penalties and interest applied to the balance due. Any such penalties and interest are the responsibility of the taxpayer. It is the consensus of tax preparers that there is no way to ensure there will be no underpayment penalties for complex tax returns other than deliberate overpayment.

We DO NOT automatically file tax extensions for our clients – you must notify us in writing, email or fax if you wish us to file an extension.

Our fee for these services will be based upon the forms prepared & any additional work performed, plus any out-of-pocket expenses. All invoices are due and payable upon presentation. A finance charge is added to balances unpaid from prior months at the rate of 1% per month (12% per annum).

It is agreed that any unresolved disputes concerning the services provided by us will be settled by binding arbitration in Pima County, Arizona. There shall be a single arbitrator, who shall be a member of the Arizona Society of Certified Public Accountants, with a minimum of ten years of practice. The arbitrator shall have authority to award compensatory damages.

From time to time various third parties may request that we sign, for you, some verification of income, employment, or tax filing status. We can issue a comfort letter to your lender.

Because email is not secure, we offer a portal for you to send or receive information. Please ask for access.

We want to express our appreciation for this opportunity to work with you.

Sincerely,



I have read the above terms of the engagement letter and agree with the terms of this engagement.

Accepted by: _____
Taxpayer

Spouse (if present)

Date