

David Oase CPA, PC
Certified Public Accountants
7802 E. Escalante Rd, Tucson, AZ 85730

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.

Our Lame Duck Congress will most likely pass some last-minute budget things. If they do then the IRS will probably delay the opening of tax season again.

If you sold more than \$600 on EBAY or ETSY you will get a 1099-K from them. Be sure to download it from their website.

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

- Any letters you received from the IRS or state tax authorities
- Our engagement letter

K-1 forms from investments in S corporations or partnerships, Due to new IRS regulations these may contain an extra 20 pages in order to calculate foreign tax credits. We strongly recommend selling any "SMALL" partnerships you have bought thru your brokerage accounts.

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 2022 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.

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,



David Oase Chad Denson Angelica Chavez Noelia Yucupicio

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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 **2022** Federal and **AZ** *or* _____ (*state*) 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.

Yes or No (Circle) Do you have **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.

Yes or No (Circle) If you bought or sold any Virtual Currency (Bitcoin, Dogecoin, Ethereum 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, 2023. 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

2022 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 Jan-June July-Dec

Taxes

Sales Tax on purchase of:
Cars, RV, Motorcycles
Real Estate Taxes - on Home
-on non-rental Investment Property
Vehicle Registration(s)

(Bring Form 1098) Mortgage Interest

Balance Due Interest
1st Mortgage \$ \$
2nd Mortgage/home \$
Home Equity \$
(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

2022 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)

Child Care / Baby Sitters

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
04/15/22	
06/15/22	
09/15/22	
01/15/23	

Federal Estimate
\$
\$
\$
\$

Arizona Estimate
\$
\$
\$
\$

2022

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)

1-1-22 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 (Liab, WC, etc)		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.	
Taxes – Real Estate			
- 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

2022

Business or Professional - Worksheet

Office in Home Expense

(a place Regularly and Exclusively used for business)

Table with 4 columns: Expense Category, Input Box, Expense Category, Input Box. Rows include Business Use in Square Feet, Total Square Feet of Home, Mortgage Interest, Property Taxes, Mortgage Insurance Prem, Home Owners' Insurance, Rent Paid, General Repairs (less than \$2500), Utilities: Gas, Water, Electric, Rural Metro / Alarm Service, Pest Control/Termite Service, Home Owners Assoc.

Purchases of Furniture, Equipment, Vehicles, Tools & Equipment or Home Office Repairs over \$2,500

Table with 3 columns: Description, Date Purchased, Cost. Multiple empty rows for data entry.

Auto Expense - Worksheet

Table for Auto Expense with 4 columns: Description, Input Box, Input Box, 2nd vehicle. Rows include Description of Vehicle (Yr/Model), Total Miles Driven, Business Miles Driven (Jan-Jun), Business Miles Driven (Jul-Dec), Commuting Miles, Beginning of the year Odometer, End of Yr Odometer.

Do you keep records of your mileage? Yes / No Are the records written? Yes / No (circle one) (circle one)

If you don't keep written records - no deduction is allowed.

Generally, you can use either the standard mileage rate or actual expenses to figure the deductible costs of operating your car for business purposes. However, to use the standard mileage deduction of \$0.585 or \$0.625 per mile in 2022, you must have used the standard mileage rate the first year the car is available for business. In later years, you can then choose between either the standard mileage rate method or actual expenses.

OPTIONAL

Table for Optional Expenses with 3 columns: Expense Category, Input Box, Input Box. Rows include Gas & Oil, Repairs (less than \$500 each), Tires, Insurance Premiums, Tags (not in AZ), Tags in Arizona, Interest - Vehicle Loan, Lease Payments.

2022 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 2022			
# Hours managing			
Total Rents Received	\$	\$	\$
Expenses:			
Advertising	\$	\$	\$
Association Fees HOA			
Auto Expense & Travel	\$	\$	\$
Jan-Jun Miles Driven	miles	miles	miles
Jul-Dec 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.