

# Tax Time Service Inc's Terms and Conditions Addendum – January 2024

## **Overview**

This addendum to our engagement letter and/or Proposal describes our standard terms and conditions (“Terms and Conditions”) related to our provision of services to you. This addendum, and the accompanying engagement letter and/or Proposal, comprise your agreement with us (“Agreement”). If there is any inconsistency between the engagement letter and this *Terms and Conditions Addendum*, the engagement letter will prevail to the extent of the inconsistency.

For the purposes of this *Terms and Conditions Addendum*, any reference to “TTSI”, “Company,” “we,” “us,” or “our” is a reference to Tax Time Services Inc. and any reference to “you,” or “your” is a reference to the party or parties that have engaged us to provide services.

## **Billing and Payment Terms**

If you have agreed to pay TTSI a retainer, TTSI requires payment of any agreed retainer, upon execution of this Agreement. You agree that the retainer will be earned as our professional time to complete the engagement is incurred. The retainer will be applied to the final billing, and any unused balance will be refunded at the end of the engagement.

For clients that we provide reoccurring monthly services to, including but not limited to bookkeeping and payroll (“Monthly Clients”), our services will be billed and due on the 1<sup>st</sup> of the month.

All other services you engage us for will be billed as agreed in writing or at our current hourly rates.

Except for our monthly clients, we will bill you for our professional fees and out-of-pocket costs. Payment is due within 15 days of the date on the billing statement. If payment is not received by the due date, you will be assessed interest charges of 10% per month on the unpaid balance. You have ten (10) days from the invoice date to review the invoice and to communicate to us, in writing, any disagreement with the charges, after which you waive the right to contest the invoice.

All outstanding invoices must be paid prior to the release of the deliverable(s) specified in the Agreement. If you fail to pay all outstanding invoices, you assume all risk associated with your failure to meet any governmental or other deadlines, including the assessment of penalties and interest. We do not release incomplete deliverables. **We will not file your tax returns unless payment has been received.**

We reserve the right to suspend or terminate our work for non-payment of fees. In the event that work is discontinued, either temporarily or permanently, as a result of delinquent payment, we shall not be liable for any damages you may incur as a result of the work stoppage.

## **Termination and Withdrawal**

Either party may terminate this Agreement by providing 30 days written notice of the intent to terminate. We reserve the right to withdraw from the engagement without completing services, including services for our Monthly Clients for any reason, including, but not limited to, non-payment of fees, your failure to provide us information timely, and your failure to comply with the terms of this Agreement, or as we determine professional standards require. If our work is suspended or terminated, you agree that we will not be responsible for your failure to meet governmental and other deadlines, or for any liability, including but not limited to, penalties or interest that may be assessed against you resulting from your failure to meet such deadlines.

If this Agreement is terminated before services are completed, you agree to compensate us for the services performed and expenses incurred through the effective date of termination.

### ***Proprietary Information***

You acknowledge that proprietary information, documents, materials, management techniques and other intellectual property are a material source of the services we perform and were developed prior to our association with you. Any new forms, software, documents or intellectual property we develop during this engagement for your use shall belong to us, and you shall have the limited right to use them solely within your business. All reports, templates, manuals, forms, checklists, questionnaires, letters, agreements and other documents which we make available to you are confidential and proprietary to us. Neither you, nor any of your agents, will copy, electronically store, reproduce or make available to anyone other than your personnel, any such documents. This provision will apply to all materials whether in digital, "hard copy" format or other medium.

### ***Conflicts of Interest***

If we, in our sole discretion, believe a conflict of interest has arisen affecting our ability to deliver services to you in accordance with either the ethical standards of TTSI or the ethical standards of our profession, we may be required to suspend or terminate our services without issuing our work product.

### ***Client Portals***

We will utilize SmartVault and Intuit Link ("Portals"), collaborative, virtual workspaces in a protected, online environment. SmartVault and Intuit Link permit real-time collaboration across geographic boundaries and time zones and allows TTSI and you to share data, engagement information, knowledge, and deliverables in a protected environment. In order to use SmartVault and Intuit Link, you may be required by the providers of SmartVault and Intuit Link to execute a client portal agreement and agree to be bound by the terms, conditions and limitations of such agreement. You agree that we have no responsibility for the activities of SmartVault and Intuit Link and agree to indemnify and hold us harmless with respect to any and all claims arising from your misuse of SmartVault and Intuit Link.

TTSI is not a host for any of your information. You are responsible for maintaining your own copy of this information. We do not provide back-up services for any of your data or records, including information we provide to you. Portals are utilized solely as a method of transferring data and are not intended for the storage of your information. Information on the Portals may be deleted by TTSI.

If you decide to transmit your confidential information to us in a manner other than the Portals, you accept responsibility for any and all unauthorized access to your confidential information. If you request that we transmit confidential information to you in a manner other than the Portals, you agree that we are not responsible for any liability, including but not limited to, (a) any loss or damage of any nature, whether direct or indirect, that may arise as a result of our sending confidential information in a manner other than a secure portal, and (b) any damages arising as a result of any virus being passed on or with, or arising from any alteration of, any email message.

### ***Third-Party Service Providers or Subcontractors***

We may use a third-party service provider to assist us where necessary to help provide professional services to you or support the needs of TTSI. This may include provision of your confidential information to the third-party service provider. We require our third-party service providers to have established procedures and controls designed to protect client confidentiality and maintain data security. As the paid provider of professional services, TTSI remains

responsible for exercising reasonable care in providing such services, and our work product will be subjected to TTSI 's customary quality control procedures.

By accepting the terms and conditions of our engagement, you consent to the disclosure of your confidential information to third-party service providers, if such disclosure is necessary to deliver professional services to you or provide support services to TTSI. In certain circumstances, we may require a separate written consent from you before your information is transmitted to a third party.

## ***Records Management***

### Record Retention and Ownership

We will return any original records and documents you provide to us on or before the conclusion of the engagement. Our copies of your records and documents are solely for our documentation purposes and are not a substitute for your own records and do not mitigate your record retention obligations under any applicable laws or regulations. You are responsible for maintaining complete and accurate books and records, which may include financial statements, schedules, tax returns and other deliverables provided to you by us. If we provide deliverables or other records to you via the Portals, you must download this information within 30 days. Professional standards preclude us from being the sole repository of your original data, records, or information.

Workpapers and other documents created by us are our property and will remain in our control. Copies are not to be distributed without your written request and our prior written consent. Our workpapers will be maintained by us in accordance with TTSI's record retention policy and any applicable legal and regulatory requirements.

TTSI destroys or deletes workpaper files after a period of 7 years. Catastrophic events or physical deterioration may result in damage to or destruction of TTSI's records, causing the records to be unavailable before the expiration of the retention period, as stated in our record retention policy.

### Working Paper Access Requests by Regulators and Others

State, federal and foreign regulators may request access to or copies of certain workpapers pursuant to applicable legal or regulatory requirements. Requests also may arise with respect to peer review, an ethics investigation, the sale of your organization, or the sale of our accounting practice. If requested, access to such workpapers will be provided under the supervision of TTSI personnel. Regulators may request copies of selected workpapers to distribute the copies or information contained therein to others, including other governmental agencies.

If we receive a request for copies of selected workpapers, provided that we are not prohibited from doing so by applicable laws or regulations, we agree to inform you of such request as soon as practicable. You may, within the time permitted for TTSI to respond to any request, initiate such legal action as you deem appropriate, at your sole expense, to attempt to limit the disclosure of information. If you take no action within the time permitted for us to respond, or if your action does not result in a judicial order protecting us from supplying requested information, we may construe your inaction or failure as consent to comply with the request.

If we are not a party to the proceeding in which the information is sought, you agree to reimburse us for our professional time and expenses, as well as the fees and expenses of our legal counsel, incurred in responding to such requests.

### Summons or Subpoenas

All information you provide to us in connection with this engagement will be maintained by us on a strictly confidential basis.

If we receive a summons or subpoena which our legal counsel determines requires us to produce documents from this engagement or testify about this engagement, provided that we are not prohibited from doing so by applicable laws or regulations, we agree to inform you of such summons or subpoena as soon as practicable. You may, within the time permitted for TTSI to respond to any request, initiate such legal action as you deem appropriate, at your sole expense, to attempt to limit discovery. If you take no action within the time permitted for us to respond, or if your action does not result in a judicial order protecting us from supplying requested information, we may construe your inaction or failure as consent to comply with the request.

If we are not a party to the proceeding in which the information is sought, you agree to reimburse us for our professional time and expenses, as well as the fees and expenses of our legal counsel, incurred in responding to such requests.

### ***Confidentiality***

In providing services to you, we may require information that is considered confidential and may include Personally Identifiable Information (PII), i.e. information that can be used to distinguish or trace an individual's identity such as address, bank account and social security information. We treat all client information, including PII, as confidential and have a duty to do so based on the standards promulgated by the American Institute of Certified Public Accountants as well as applicable laws and regulations. You agree to only provide us with information, including PII, that is necessary for us to provide services to you in accordance with the Agreement.

### ***Referrals***

In the course of providing services to you, you may request referrals to products or professionals such as attorneys, brokers, or investment advisors. We may identify professional(s) or product(s) for your consideration. However, you are responsible for evaluating, selecting, and retaining any professional or product and determining if the professional or product meets your needs. You agree that we will not oversee the activities of and have no responsibility for the work product of any professional or the suitability of any product we refer to you or that you separately retain. Further, we are not responsible for any services we perform that fail to meet the intended outcomes as a result of relying on the services of other professionals or products you may retain.

### ***Prior Year Review of Tax Returns***

Our review of the prior year's tax returns will necessarily be limited and may not find errors. We will, however, bring to your attention errors that we do find. Similarly, if you become aware of any information affecting prior year tax returns, please contact us. If an error or information affecting prior year tax returns is discovered by you or us, we will discuss resolution options with you. If you ask us to prepare amended tax returns, and we agree, we will confirm this engagement in a separate written agreement.

### ***Divorce***

If you inform us of your pending divorce, we will advise each of you to seek independent tax advice. We will evaluate whether a conflict of interest exists which may limit our service. If we, in our sole professional judgment, determine a conflict exists, you will both be required to sign a conflict-of-interest waiver before we are able to prepare your returns. Depending upon your circumstances, as well as any legal advice you receive from your independent advisor, we may be unable to advise either of you until your divorce is finalized.

If we are able to proceed, we will require written instruction from your respective divorce attorneys [or, if the spouse(s) is/are unrepresented, the unrepresented spouse(s)] providing decisions we require in order to prepare your tax return. For example, your income tax return filing status is an item about which we will need instruction. Electing a filing status of married filing jointly establishes

joint liability for taxes owed. If we do not receive instruction agreed to by you to prepare your returns at least 4 weeks prior to the filing deadline, you will be responsible for any late filing and late payment penalties assessed.

If any dispute between the parties arises and we determine that we can no longer provide services to you, we will be unable to proceed.

In the event that you elect to file separate 1040 tax returns, you will both be required to sign new, separate written agreements prior to the preparation of the returns.

### ***Substantial Understatement Penalties***

The IRS and many states impose penalties for substantial understatement of tax. To avoid the substantial understatement penalty for federal purposes, you must have substantial authority to support the tax treatment of the item challenged by the IRS or have a reasonable basis to support the tax treatment of the item and adequate disclosure of it. To fulfill the adequate disclosure requirement, you may be required to attach to your tax return a completed Form 8275, Disclosure Statement, or Form 8275-R, Regulation Disclosure Statement, which discloses all relevant facts. Similar rules may apply at the state level.

You agree to advise us if you wish to disclose a tax treatment on your return. If you request our assistance in identifying or performing further research to ascertain if there is substantial authority for the proposed position to be taken on the tax item(s) in your returns, and we agree, we will confirm this engagement in a separate written agreement. You are responsible for contacting us if additional assistance is required.

If we conclude as a result of our research that you are required to disclose a transaction on your tax return, you consent to attach Form 8275 or Form 8275-R to your tax return for filing after we discuss the matter with you. If the IRS, state or local tax authorities later contest the position taken, additional tax, penalties, and interest may be assessed. You will be responsible for these amounts, as well as any related professional fees, you may incur to defend the position taken.

### ***Limitations on Oral and Email Communications***

We may discuss with you our views regarding the treatment of certain items or decisions you may encounter. We may also provide you with information in an email. Any advice or information delivered orally or in an email (rather than through a memorandum delivered as an email attachment) will be based upon limited research and a limited discussion and analysis of the underlying facts. Additional research or a more complete review of the facts may affect our analysis and conclusions.

Due to these limitations and the related risks, it may or may not be appropriate to proceed with a decision solely on the basis of any oral or email communication from us. You accept all responsibility, except to the extent caused by our gross negligence or willful misconduct, for any liability, including but not limited to additional tax, penalties or interest resulting from your decision (i) not to have us perform the research and analysis necessary to reach a more definitive conclusion and (ii) to instead rely on an oral or email communication. The limitation in this paragraph will not apply to an item of written advice that is a deliverable of a separate engagement. If you wish to engage us to provide formal advice on a matter on which we have communicated orally or by email, we will confirm this service in a separate agreement.

### ***Reportable Transactions***

The law imposes substantial penalties on taxpayers and tax advisors for failure to disclose listed and other reportable transactions on Form 8886, Reportable Transaction Disclosure Statement and, in some cases, extends the statute of limitations tax authorities have to contest any tax return claiming those tax positions. In general, reportable transactions are potentially abusive

transactions identified by the IRS that have a primary purpose of tax avoidance, including but not limited to listed transactions, confidential transactions, transactions with contractual protection, loss transactions, and transactions of interest (a definition of “reportable transactions” is located at <https://www.irs.gov/instructions/i8886> and includes a link to a summary of listed transactions).

If you do not consent to the required disclosure, we may be unable to proceed.

### ***Compensation and Withholding Compliance***

If you or your business compensates individuals (including household employees) for services performed, there are various federal, state, and/or local filing requirements affecting payroll and income tax obligations of both payor and payee. We will not provide employment, labor, or immigration law advice to you as part of our engagement, including the classification of workers as employees or independent contractors. You should seek the advice of an appropriate professional, such as an employment attorney, in order to address any classification or employment eligibility questions.

If our service to you includes preparation of Form 1040, Schedule H, we will rely on information provided by you to support your filings and we will not audit or otherwise verify the data you submit to us. You agree to indemnify and hold us harmless for any and all claims related to misclassification or improper eligibility of individuals whom you compensate for services, excepting claims arising from our gross negligence or intentional wrongful acts.

Further, you acknowledge it is your responsibility to both timely obtain and/or file any and all requisite regulatory forms related to payroll and withholding regardless of jurisdiction, and to maintain all necessary documentation to support those filings. Such forms may include, but are not limited to, Forms I-9, W-2, W-4, W-8, W-9, 941, 1042, 1096, 1099, and similar state forms. Some of these filings are due as early as January 31, 2024, and significant penalties may be assessed for late filing, non-filing, and filing of incorrect information. In some cases, penalties may also be assessed against responsible individuals, such as owners and officers, in their personal capacity.

Preparation of these forms is not within the scope of this engagement.

### ***Brokerage, Investment Advisory or Digital Asset Statements***

If you provide TTSI with copies of brokerage, investment advisor, or digital asset statements, we will use the information solely for the purpose described in the *Engagement Objective and Scope* section of this Agreement. We will rely on the accuracy of the information provided in the statements and will not undertake any action to verify this information. We will not monitor transactions, investment activity, provide investment advice, or supervise the actions of the entity or individuals entering into transactions or investment activities on your behalf.

### ***Disclaimer of Legal and Investment Advice***

Our services under this Agreement do not constitute investment advice. Our services under this Agreement do not constitute legal advice.

### ***Electronic Data Communication and Storage***

In the interest of facilitating our services to you, we may send data over the Internet, temporarily store electronic data via computer software applications hosted remotely on the Internet, or utilize cloud-based storage. Your confidential electronic data may be transmitted or stored using these methods. In using these data communication and storage methods, TTSI employs measures designed to maintain data security. We use reasonable efforts to keep such communications and electronic data secure in accordance with our obligations under applicable laws, regulations, and professional standards.

You recognize and accept that we have no control over the unauthorized interception or breach of any communications or electronic data once it has been transmitted or if it has been subject to unauthorized access while stored, notwithstanding all reasonable security measures employed by us. You consent to our use of these electronic devices and applications during this engagement.

### ***Marketing and Educational Communications***

You authorize us to send you newsletters, updates, explanations of technical developments or similar communications may periodically send to you. These communications are strictly for marketing or general educational purposes and should not be construed as professional advice on which you may rely. These communications, by themselves, do not create a contractual relationship between us and you, a binding obligation for us to provide services to you, nor a requirement on our part to monitor issues for you. You may opt out of receiving such communications at any time by notifying us in writing at [support@taxtimeservices.com](mailto:support@taxtimeservices.com)

### ***Federally Authorized Practitioner – Client Privilege***

Internal Revenue Code §7525, *Confidentiality Privileges Related to Taxpayer Communication*, provides a limited confidentiality privilege applying to tax advice embodied in taxpayer communications with federally authorized tax practitioners in certain limited situations.

This privilege is limited in several important respects. For example, the privilege may not apply to your records, state tax issues, state tax proceedings, private civil litigation proceedings, or criminal proceedings.

While we will cooperate with you with respect to the privilege, asserting the privilege is your responsibility. Inadvertent disclosure of otherwise privileged information may result in a waiver of the privilege. Please contact us immediately if you have any questions or need further information about this federally authorized practitioner-client privilege.

### ***Mediation***

If a dispute arises out of or relates to this Agreement, including the scope of services contained herein, or the breach thereof, and if the dispute cannot be settled through negotiation, the parties agree first to try to settle the dispute by mediation administered by the American Arbitration Association (“AAA”) under the *AAA Accounting and Related Services Arbitration Rules and Mediation Procedures* before resorting to arbitration, litigation, or any other dispute resolution procedure. The mediator will be selected by mutual agreement of the parties. If the parties cannot agree on a mediator, a mediator shall be designated by the AAA. The mediation will be conducted in California.

The mediation will be treated as a settlement discussion and, therefore, all discussions during the mediation will be confidential. The mediator may not testify for either party in any later proceeding related to the dispute. No recording or transcript shall be made of the mediation proceedings. The costs of any mediation proceedings shall be shared equally by all parties. Any costs of legal representation shall be borne by the hiring party.

This provision shall not apply to any dispute related to our billing and/or invoices.

### ***Limitation of Liability***

**TTSI’S LIABILITY FOR ALL CLAIMS, DAMAGES, AND COSTS ARISING FROM NEGLIGENT ACTS, ERRORS, OR OMISSIONS COMMITTED BY US IN THE PERFORMANCE OF THIS ENGAGEMENT IS LIMITED TO 3 TIMES THE TOTAL AMOUNT OF FEES PAID BY YOU TO TTSI FOR THE SERVICE GIVING RISE TO THIS LIABILITY.**

### ***Limitation of Damages***

**NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, TTSI SHALL NOT BE LIABLE FOR ANY LOST PROFITS, INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, CONSEQUENTIAL, OR SIMILAR DAMAGES, TO THE EXTENT SUCH DAMAGES MAY BE LAWFULLY LIMITED OR EXCLUDED, OF ANY NATURE EVEN IF WE HAVE BEEN ADVISED BY YOU OF THE POSSIBILITY OF SUCH DAMAGES.**

### ***Indemnification of TTSI***

Unless otherwise stated in the Agreement, you agree to indemnify, defend, and hold harmless TTSI and any of its partners, principals, shareholders, officers, directors, members, employees, agents or assigns with respect to any and all claims made by third parties arising from this engagement, regardless of the nature of the claim, and including the negligence of any party, excepting claims arising from the gross negligence or intentional acts of TTSI.

### ***Designation of Venue and Jurisdiction***

In the event of a dispute, the courts of the state of California shall have jurisdiction, and all disputes will be brought in San Diego County, California which is the proper and most convenient venue for resolution. We also agree that the law of the state of California shall govern all such disputes.

### ***Timing for Disputes***

You agree that any claim arising out of this Agreement shall be commenced within 1 year from the date our services conclude as outlined in the *Timing of the Engagement* section of the Agreement, regardless of any longer period of time for commencing such claim as may be set by law. A claim is understood to be a demand for money or services, the service of a suit, or the institution of arbitration proceedings against TTSI.

### ***Insurance***

TTSI shall, during the term of the engagement maintain in full force and effect, accountants professional liability insurance coverage from an insurer or insurers licensed to conduct business in the state of California.

### ***Independent Contractor***

When providing services to your company, we will be functioning as an independent contractor and in no event will we or any of our employees be an officer of you, nor will our relationship be that of joint venturers, partners, employer and employee, principal and agent, or any similar relationship giving rise to a fiduciary duty to you.

Our obligations under this Agreement are solely obligations of TTSI, and no director, officer, partner, principal, employee, contractor or agent of TTSI shall be subjected to any personal liability whatsoever to you or any person or entity.

### ***Severability***

If any portion of this Agreement is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of the terms set forth in this Agreement.

### ***Survivability***

The following sections of this Terms and Conditions Addendum shall survive termination of the Agreement: Limitation of Liability, Limitation of Damages, Indemnification, and Statute of Limitations.



**Assignment**

All parties acknowledge and agree that the terms and conditions of this Agreement shall be binding upon and inure to the parties' successors and assigns, subject to applicable laws and regulations.

**Force Majeure**

Neither party shall be held liable for any delays resulting from circumstances or causes beyond our reasonable control, including, without limitation, fire or other casualty, act of God, strike or labor dispute, war or other violence, epidemics or pandemics as defined by The Centers for Disease Control and Prevention, or any law, order or requirement of any governmental agency or authority. However, no Force Majeure event shall excuse you of any obligation to pay any outstanding invoice or fee or from any indemnification obligation under this Agreement.

**Electronic Signatures and Counterparts**

Each party hereto agrees that any electronic signature is intended to authenticate a written signature, shall be valid, and shall have the same force and effect as a manual signature. For purposes hereof, "electronic signature" includes, but is not limited to, a scanned copy of a manual signature, an electronic copy of a manual signature affixed to a document, a signature incorporated into a document utilizing touchscreen capabilities, or a digital signature. Documents may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement.

**Entire Agreement**

This Agreement, including this *Terms and Conditions Addendum* and any other attachments, or addendums encompass the entire agreement of the parties and supersedes all previous understandings and agreements between the parties, whether oral or written. Any modification to the terms of this Agreement must be made in writing and signed by both parties. This Agreement has been entered into solely between you and TTSI, and no third-party beneficiaries are created hereby.