

**Form 1042**

TAX SEASON 2023

SERVICE REQUEST**ENGAGEMENT LETTER • FORM 1042**

The IRS requires that business owners file a Form 1042-S by March 15, 2024 for amounts of US payments to foreign persons/businesses (including persons presumed to be foreign). Amounts subject to reporting include, but are not limited to, the following amounts to the extent they are:

- Interest on deposits paid to certain nonresident aliens.
- Corporate distributions
- Interest
- Rents
- Royalties
- Compensation for independent personal services performed.
- Compensation for dependent personal services performed (but only if the beneficial owner is claiming treaty benefits).
- Annuities.
- Pension distributions and other deferred income.
- Most gambling winnings
- Cancellation of indebtedness
- Effectively connected income (ECI)
- Notional principal contract income
- Insurance premiums
- REMIC excess inclusions
- Students, teachers, and researchers
- Amounts paid to foreign governments, foreign central banks of issue, and international organizations
- Foreign targeted registered obligations
- Original issue discount (OID) from the redemption of an OID obligation
- Certain distributions attributable to dispositions of U.S. real property interests
- Other U.S.-source dividend equivalent payments
- Guarantee of indebtedness
- Specified federal procurement payments

The penalties for filing Forms 1042-S late are:

- \$60.00 per Form 1042-S if you correctly file within 30 days after the required filing date; the maximum penalty is \$630,500.00 per year (\$220,500.00 for a small business).
- \$120.00 per Form 1042-S if you correctly file more than 30 days after the due date but by August 1; the maximum penalty is \$1,891,500.00 per year (\$630,500.00 for a small business).
- \$310.00 per Form 1042-S if you file after August 1 or you do not file correct Forms 1042-S; the maximum penalty is \$3,783,000.00 per year (\$1,261,000.00 for a small business)

If you intentionally disregard the requirement to report correct information, the penalty per Form 1042-S is increased to the greater of \$630.00 or 10% of the total amount of items required to be reported, with no maximum penalty.

1. This letter confirms the services you have asked our firm to perform and the terms under which we have agreed to do that work. Please read this letter carefully because it is important to both our firm and you that you understand what you can and cannot expect from our work. In other words, we want you to know the limitations of the services you have asked us to perform. If you are confused at all by this letter or believe we have misunderstood what you need, please call us before you sign it.
2. This engagement letter represents the entire agreement regarding the services described herein and supersedes all prior negotiations, proposals, representations or agreements, written or oral, regarding these services. It shall be binding on the heirs, successors and assigns of you and us. The Internal Revenue Service **imposes penalties** on taxpayers, and on us as return preparers, for failure to observe due care in reporting for income tax returns. In order to ensure an understanding of our mutual responsibilities, we ask all clients for whom we prepare tax returns to confirm the following arrangements.
 We will prepare the returns from information which you will furnish to us. It is your responsibility to provide all the information required for the preparation of complete and accurate returns.
 We will furnish you with any questionnaires and/or worksheets that you request to guide you in gathering the necessary information. Your use of such forms will assist us in keeping our fee to a minimum. To the extent we render any accounting and/or bookkeeping assistance, it will be limited to those tasks we deem necessary for preparation of the returns.

Tax Preparer Responsibilities

3. We will prepare your 2023, and only your 2023 Federal Form 1042-S SOLELY from information you furnish us. We will not audit, review, compile or otherwise verify the data you submit although we may ask you to clarify some of the information.
 We are not responsible for the preparation of any forms or schedules except Forms 1042-S for the individuals for whom you provide us a written summary in a separate format as listed below.
 If you have forms or payees other than those specifically listed we will not be preparing those forms unless specifically requested by you, in writing in a separate engagement letter, to prepare those forms.

Any other required services, forms or other actions on our part require a separate engagement letter. In the absence of written communications from us documenting such services, our services will be limited to and governed by the terms of this engagement letter.

4. In order to timely file your 2023 Forms 1042-S in agreement with this letter you must provide us, **IN ELECTRONIC FORMAT IN A SPREADSHEET PROVIDED BY US**, a complete list of payees by March 10, 2024 as follows, **for each payee**:
 - Payee Name.
 - Payee Address.
 - Payee City, State, Zipcode. Type of payment to that payee.
 - Amount paid and withheld during 2023 for that payee.
 - Country of payee.
 - Tax Identification number in their country of residency, is applicable.
5. If you are in doubt whether to issue a 1042-S, the safest treatment is to issue the form.

Other Items

6. We will send you a preliminary copy of each 1042 for your review and validation. Upon receipt, we request that you provide your approval or notify us of any necessary corrections within 48 hours. In the event of no response within the specified timeframe, we will proceed to submit the 1042 forms as they are.
7. Our fee to prepare Form 1042 will be of \$350.00 **If you send the complete information before February 20, 2024, we will give you a 25% discount on Form 1042.**

Our fees for Form 1042-S will be \$25.00 for each payee.

The invoice for these services will be rendered as soon as the work is done and are payable on presentation. You authorize us to debit these fees from your bank account:

- Financial Institution _____
- Routing (ABA) number _____
- Account number _____
- Account type _____

8. It is your responsibility to maintain the records, forms, documentation, Forms W-8 in all their variance and copies necessary to file the 2023 Forms 1042-S.
9. We will rely solely, without independent verification on the information you provide to us in writing under item 4 above to prepare your 2023 Forms 1042-S.
10. It is our policy to keep records related to this engagement for three years after which they are destroyed. **However, we do not keep any original client records, so we will return those to you at the completion of the services rendered under this engagement. When records are returned to you, it is your responsibility to retain and protect your records for three years for possible future use, including potential examination by any government or regulatory agencies.**

Please date and sign this letter to acknowledge your agreement with and acceptance of your responsibilities and the terms of this engagement. You will be provided a copy. It is our policy to initiate services after we receive the executed engagement letter. If any provision of this agreement is declared invalid or unenforceable, no other provision of this agreement is affected and all other provisions remain in full force and effect.

We appreciate the opportunity to serve you.



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

Sincerely,

Acknowledge:

Roberto Di Lena, CPA

Company

Manager

Date