

**Professional Tax Preparation and Consulting Engagement Agreement**  
**American Expat Tax Services Pte Ltd**

(Singapore Reg. No. 201022288K)

FOR INCOME TAX YEARS \_\_\_\_\_ TO \_\_\_\_\_

**DISCLAIMER:** \_\_\_\_\_ and  
\_\_\_\_\_ (SPOUSE/if filing Jointly) the undersigned taxpayer (s)  
hereby engage the services of American Expat Tax Services, Pte Limited (referred to  
hereinafter as AETS) as a U.S. tax preparation service.

**SCOPE OF ENGAGEMENT:** The engagement will be complete upon the delivery of your completed returns. Thereafter, and if you are ineligible for mandatory IRS E-Filing, you will be solely responsible to file the returns with the appropriate taxing authorities. If AETS discovers information that affects your prior-year U.S. income tax returns, it will make you aware of the facts. However, AETS is not responsible for identifying items or amending prior year returns unless specifically engaged to do so. Representation in the event of a tax audit by the IRS or any relevant state or foreign government's taxing authority is *outside the scope* of this engagement. If AETS is available, you will be provided with a new estimate and engagement letter, but AETS is under *no* obligation to provide audit representation.

**DISCLOSURE:** By U.S. law, AETS is prohibited from disseminating or sharing your information with any third party for a use *not* intended by this engagement. If you request AETS share your information with a third party for any purpose AETS is required to obtain a signed instruction letter from you. This consent is not necessary if the disclosure is to an attorney or the IRS or state taxing authorities. AETS is also prohibited by law from disclosing your information to third parties who wish to use the information for commercial purposes.

**BURDEN OF REPORTING:** In connection with this engagement it is the responsibility of the taxpayer to provide *complete and accurate* information on all items of income and deductions for the relevant tax years. You acknowledge that certain types of foreign accounts require special reporting and are prepared to provide all necessary details. You have receipts or records and other written documentation to support all information provided. You, the taxpayer, will retain your records for a period of at least seven years after the date the returns are filed in the event of a tax audit. Records in support of any item with a tax basis (real estate, stocks, CPF and other retirement reporting) should be retained for seven years beyond the sale/liquidation of the asset. AETS does not maintain copies of the documentation given in connection with the preparation of returns. Further, you understand that AETS has no responsibility to verify or confirm the information provided and you, as the taxpayer are, at all times, responsible for its completeness and accuracy. AETS is however, subject to preparer penalties for taking unreasonable positions and aiding in the underreporting of income. As such, the staff of AETS will act in "good faith" in representing your information and may request supporting documentation to support information provided in your Client Checklist or sent via email communication. AETS does have a responsibility under Section 6694 of the Internal Revenue Code to seek further information if such information appears incorrect or incomplete. In some cases a disclosure statement may be required.

AETS reserves the right to withdraw from representation at any time if there is unsubstantiated information or an untenable position (one with no substantial authority) in the opinion of AETS that you, the taxpayer, wish to pursue.

**ELECTRONIC COMMUNICATION:** Emails can be intercepted, read, disclosed, or otherwise used or communicated by an unintended third party. AETS does not guarantee or warrant that emails will be properly delivered and read only by the addressee. AETS specifically disclaims and waives any liability or responsibility whatsoever for interception or unintentional disclosures of emails transmitted during the performance of this engagement. By your signature below you release AETS from liability for interceptions and unintentional disclosures.

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**PRIVACY POLICY:** We value your privacy and hold your personal data for the purposes of completing your tax filings only. We may contact you from time to time with general information of interest such as upcoming filing deadlines and changes to the tax code. You may unsubscribe from these emails at any time by following the directions in the email itself. At no point will AETS sell information that is provided to us. At any time, you may request to see the data we hold on your behalf and where appropriate you may request to have the data erased or amended. A full copy of our privacy policy can be found on our website.

**ACCURACY OF ESTIMATE:** You understand that the cost of preparing your tax return(s) is based upon you providing information with regard to each of your items of income and expenses and deductions in a summary format. The estimate is also dependent on the completeness of data supplied and the complexity and number of forms, calculations, schedules, and number, if any, of state returns required by law. The cost of services provided will increase if we find during the course of preparation that you trigger the requirement for certain disclosure forms. The disclosure forms are mandatory and will be included in your return for tax compliance. The cost of the services provided may also increase if data received is incomplete or inconsistent or if the information is not compiled properly and requires “source data” computations. If you desire these additional services, you must so indicate at the time of the engagement as this is a separate chargeable service. You, the taxpayer, will provide summary documentation as opposed to “source data” of information pertaining to rental properties and self-employment activities.

You understand that meetings with AETS staff beyond the scope of the current income tax return and research questions posed to AETS may be charged at an hourly rate of S\$525. An estimate will be provided prior to the execution of the work or at the time of scheduling the meeting.

**STATE RETURNS:** It is not always easily discernible if a taxpayer residing overseas has a state filing obligation as some states base the determination on a set of subjective factors such as physical presence and some states follow a more objective approach. “Domicile” and “residency” are legally distinct concepts and do not always determine filing obligations. Some states have safe harbor provisions and some states specifically recognize the federal income exclusions (IRS Sec 911) while others do not. Still other states have no income tax or tax investment income only. Additionally, a state filing requirement may change from year to year based on your personal activities, such as presence in a state, the purchase of real estate, partnership activities (K1s), etc. As this is not often apparent at the time the estimate is given, research related to whether a state return is required and the preparation of state returns is separately chargeable. Some state returns require separate extensions and do not follow the special rules afforded to U.S. persons residing abroad. *AETS is not responsible for penalties associated with the late filing & late payment to state authorities.* This is applicable to new and returning AETS clients. If in the opinion of AETS staff, you have a state filing requirement you will be so advised after the necessary information is disclosed to AETS.

**PAYMENT:** Prior to the start of work on your returns you will be required to pay a retainer **of half of the quoted estimate**, but not less than SGD \$1000. The balance is payable upon presentation of your first draft of returns. An invoice will be provided by email and must be paid prior to E-filing. If you have to paper file your return, the invoice must be settled prior to receiving the final return. Any amount not paid within 20 days of completion of the return will be subject to a carrying charge of 1.5% per month. Disputes are subject to arbitration and the costs are borne by the signee/s as permitted under Singaporean law. Acceptable methods of payment include Singapore Dollar Cheques, PayNow, Bank Transfer, or Cash.

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All cheques should be payable to **AETS PTE LTD**, double crossed and posted to:

AETS PTE LTD  
1 Scotts Road  
#23-11 Shaw Centre  
Singapore 228208

PayNow ID: 201022288K

Bank transfer:

**OCBC Bank account number: 654- 817725-001.**

**Katong Branch (Bank Code: 7339, Branch Code: 654, Swift Code for OCBC Bank: OCBCSGSG).**

If you choose bank transfer, please remember to absorb the related wire transfer fees in your payment. When setting up your transfer you may need to omit the 654 from the account number if you have already entered a branch number. For bank transfers, please use the full company name **AMERICAN EXPAT TAX SERVICES PRIVATE LIMITED**. If you have limited space, we find that transfers will still execute if you enter as many letters in our name as allowable (i.e. American Expat Tax Ser). If you use an abbreviated name, the transfer will get rejected. In some circumstances, payment can be arranged via PayPal. Convenience charges will be applied to such payments.

**DORMANCY CLAUSE:**

When we accept your retainer, we reserve space and time in our workload in good faith that you will begin your project within a reasonable time frame. If your project lies dormant for more than 2 years of initial engagement, we will cease to send reminders and reserve the right to cancel our commitment without a refund. A reactivation fee of S\$525 will be required to restart your project.

**RECORD RETENTION:**

AETS will retain an electronic copy of your return and supporting records for 3 years post filing date. In the event of a billing dispute, AETS is required to promptly return all client records but not the actual return or supporting files created by AETS. (Cir 230 Sec. 10.28)

Since we operate a paperless office, please upload your tax documents to our secured client portal. If you send original hard copies of your tax documents, you are solely responsible for picking up your documents within 30 days after your filing has been completed. For security purposes, we will shred any documents that have not been picked up after 30 days. You understand that you are responsible for retaining your own supporting documentation for *seven* years, including proof of mailing or IRS e-file confirmation. Information in support of basis determination (i.e. investments, CPF contributions, real estate) should be maintained for seven years beyond the sale/liquidation of the asset. Monthly statements of non-U.S. accounts must be maintained for a minimum of *six* years. (See below).

**CONFLICT OF INTEREST:**

AETS may not represent one client when an interest is directly adverse to another client; or there is significant risk that the representation by both would materially limit the responsibilities of AETS. However, if it is determined that competent and diligent representation can be afforded to each affected client and fully disclosed within 30 days of the conflict being made known to AETS, written consent can be provided by both parties and maintained in the electronic client file by AETS for 36 months. (Cir. 230 Sec.10.29)

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**RELIANCE OPINIONS:**

At no time should advice provided by AETS staff be construed as *covered opinions or reliance opinions* as defined by IRS Circular 230. *Advice provided is NOT intended or written by AETS staff for the purpose of avoiding penalties that may be imposed on the taxpayer by any tax authority.*

**FOREIGN BANK ACCOUNT REPORTING (FinCEN Form 114 a.k.a. “FBAR”) and FATCA COMPLIANCE**

You understand that you have a legal obligation to report all foreign financial accounts if the highest daily balance of all foreign accounts exceeds an aggregate of \$10,000 USD. You also understand that the FBAR is a **separate and distinct filing requirement from your tax return (Form 1040)**. Form 114 is an annual disclosure due on or before the due date of your return, including extensions, but no later than October 15<sup>th</sup>. This includes accounts held at all foreign banks, securities and investments, crypto currency held via a foreign platform, non-U.S. life insurance policies with a cash surrender value, holdings of precious metals, such as gold *if held by a financial institution*, and retirement accounts, including but not limited to CPF and other foreign provident funds. This includes accounts in which you have signatory authority and accounts held jointly with a foreign spouse. This list is not exhaustive and this law has been in effect since the 1970s.

This informational report is required by the Bank Secrecy Act, 31 USC 5314 (CFR 103.24, 103.27) and it provides for strict financial penalties & criminal prosecution for noncompliance. Although not a tax form, the IRS has indicated in its interpretation of Circular 230 (Sec. 10.22) that preparers have an obligation to make inquiries concerning the filing of such reports as the information must be disclosed on Form 1040 if Schedule B is required.

By your signature on this engagement letter, you acknowledge the filing requirement for FinCen Form 114 with the United States Department of Treasury and if self filed, you will inform AETS of such filing for reporting on Form 1040 Schedule B.

***Effective July 1, 2013*** all FBARs must be filed electronically using the FinCen network. More information is available at [www.fincen.gov](http://www.fincen.gov) & questions should be directed to 1-800-949-2732. According to guidance issued by the U.S. Department of Treasury this mandate includes ALL FBAR filings, including prior year (late) filings and amended filings. Special guidance may apply to those individuals entering a tax amnesty program.

Also, under this statute, you are required to retain all statements from foreign based accounts for **six years (6)**.

If you have not filed this form in the past and you are interested in becoming compliant, AETS will provide you with a list of tax attorneys to discuss your filing options. The employees of AETS are **not** permitted to provide legal advice in this area.

**BENEFICIAL OWNERSHIP INFORMATION (BOI)**

***Effective Jan 1, 2024*** certain taxpayers who own any company, domestic or foreign, that is formally registered to do business in the United States is required to file a one time form to report information about the individuals who ultimately own or control the entity. Any business in existence as of Jan 1, 2024 has until Jan 1, 2025 to file its BOI. Any new companies formed after Jan 1, 2024 has 90 days from the date of formation to file its BOI. **This is a separate and distinct filing requirement from your tax return (Form 1040)**. Taxpayers can file the BOI separately via [www.fincen.gov](http://www.fincen.gov).

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**STATEMENT OF FOREIGN FINANCIAL ACCOUNTS (FATCA)**

Form 8938 is now required to be filed as part of your tax return for clients triggering the filing thresholds. The thresholds for this reporting requirement are complex and vary depending on your filing status and place of residency at the end of the year. The types of accounts reportable are not necessarily the same as the types of accounts that are reportable on the FBAR. Therefore, even if you are preparing your FBAR, all clients will be required to complete an excel file providing account numbers and balance details and information on the open and closing dates of certain accounts in order to complete your tax return. The thresholds for triggering Form 8938 are higher than the FBAR. This form carries an additional fee to prepare.

**FOREIGN BUSINESSES**

You understand that if you are self-employed, you must pay U.S. self-employment tax and any applicable state taxes on your foreign earned income regardless of your place of commerce, after deducting all applicable business expenses. The foreign income exclusion (FEI) does not alleviate this requirement and business expenses are taken first and pro-rated against the FEI if there is also employee income to report.

A Totalization Agreement may alleviate this requirement. However, there is no such Agreement between the United States and the Republic of Singapore. If you have self-employment income from a U.S. treaty nation please advise AETS immediately as there are special rules that will apply to each nation.

Following the 2017 Tax Cuts and Job Act, you may be required to file Form 8858 for your self-employment activity located overseas. Form 8858 is required if the activity meets the definition of a foreign branch. A foreign branch is defined in Regulations section 1.367 (a)- 6T (g). The existence of a foreign branch depends on the individual facts and circumstances but it is generally accepted that one exists if the activities constitute a trade or business and separate books and records are maintained for the activity. There will be additional fees for this form.

If you are an owner/director or partner of a foreign business of any percentage you must advise AETS immediately as informational returns (partnership or corporate) will be required. These forms (Form 5471, Form 8865) although informational in nature, carry excessive punitive penalties (\$10,000 and upwards) for non-compliance. There will be additional fees for these forms.

**FOREIGN TRUSTS AND GIFTS & CERTAIN TYPES OF FOREIGN RETIREMENT FUNDS**

If you are the beneficiary or trustee of a foreign trust or received a distribution from a foreign trust, additional informational forms will be required. There will be additional fees for these forms.

If you received a gift of cash or other assets from a non U.S. person (including a non US spouse) equal to or in excess of \$100,000 in one year, additional informational forms will be required. There will be additional fees for these forms.

If you made a gift to your foreign spouse, **this includes withdrawals from jointly held bank accounts**, in excess of USD \$175k for 2023 (\$185k for 2024 if you are forward planning), additional forms will be required. If you made a gift to any other person in excess of USD \$17k for 2023 (\$18k for 2024 if you are forward planning), additional forms will be required.

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**CPF OR OTHER FOREIGN PENSION OR RETIREMENT ACCOUNTS**

You understand that you must report as income, all employer contributions made on your behalf to the CPF or other non U.S. pension or retirement accounts. You also understand that these accounts may need to be disclosed on the FBAR (see above) and Form 8938 and that all interest and dividends, even if reinvested must be reported as income.

You further understand that distributions from these accounts are not considered foreign “earned” income for purposes of the foreign-earned income exclusion, nor do they qualify for special tax deferred status as a U.S. domestic pension or retirement account (401k or IRA).

**FOREIGN INVESTMENTS**

Certain types of investments made outside of the United States, not including U.S. sponsored funds investing in foreign markets, require special tax reporting. You will provide information on your foreign investments at the time of this engagement. Because foreign banks do not have reporting requirements, you will be responsible for gathering the information necessary for the correct reporting.

This includes, but is not limited to, **foreign life insurance policies**, unit trusts, mutual funds, hedge funds, forex accounts, commodities, ETFs, index funds, and CDs. AETS staff does not provide financial planning assistance.

**FOREIGN LIFE INSURANCE**

Foreign policies, if eligible under U.S. insurance rules, will require you to obtain an EIN and file Form 720. If the policies are not eligible, Form 8621 may be required. Please disclose this information immediately. AETS can review your life insurance policies and further advise of the necessary tax reporting. The minimum charge for this service is SGD S\$525 and does not include form preparation.

**CONTRACT:**

This letter is contractual in nature and supersedes any prior oral or written representations by or between parties. **You have fully reviewed this document and by signature/s below agree.**

**TAXPAYER/SPOUSE CONTACT DETAILS:**

Address: \_\_\_\_\_

\_\_\_\_\_

Telephone: \_\_\_\_\_

Email: \_\_\_\_\_

Taxpayer Signature:

Date:

Spouse's Signature:

Jointly / Separately  
(circle one)

American Expat Tax Services Pte Ltd

Schedule of Fees

All fees are subject to standard GST rates for those clients residing in Singapore.

<b>Form</b>	<b>Fees Per Filing (excl GST):</b>	<b>Notes</b>
Federal Form 1040	S\$1,300	This includes Schedules A to D subject to the limitations below. It also includes Federal Forms 1116 and 2555
Federal Form 8938	S\$425 (1-4 accounts), S\$50 (per account over 4)	If we are required to go through statements to identify maximum balances, we will charge S\$525 per hour
Schedule B	S\$12 for each dividend or interest payment received after the first 10 lines	Clients with more than 10 entries for interest and dividends combined will be charged S\$12 for each additional entry
Schedule C	S\$425 for each additional Schedule C	Clients with more than 1 business will be charged S\$425 for each additional business
Schedule D	S\$25 for each additional trade after the first 10	Clients with more than 10 entries for trades (short plus long term) will be charged S\$25 for each additional entry
Schedule E	S\$215 for each additional K1/Rental Property	Clients with more than 1 K1/rental property will be charged S\$215 for each additional K1/rental property
State Returns	S\$525 per State	
Home Sale Calculation	From S\$700 per home sale	
Income or Stock Reconciliation	From \$700	
FBAR also known as Fincen Form 114	S\$425 (1-4 accounts), S\$50 (per account over 4)	If we are required to go through statements to identify maximum balances, we will charge S\$525 per hour
Federal Form 5471 (non-CFCs), Form 8865, Form 1120 Series, Form 1065, Form 1041, Form 8858, Form 5472	S\$1,600-S\$3,200	Should additional translation work be required to convert to US GAAP, an hourly charge of S\$525 will apply
Federal Form 5471 (CFCs)	From S\$2,100	
Federal Form 3520/3520A/709	From S\$850	
Federal Form 926	From S\$600	
Federal Form 8621	S\$250 per hour. Minimum 1 hour	
Federal Form 8854	From S\$2,000	
Review of Life Insurance Disclosures	From S\$525	
Targeted Estimated Payment Calculation	S\$850	
Federal Form 1040NR	S\$1,100	
ITIN Interview & Processing	S\$1,400	
EIN Applications	S\$1,000	
Dual Status Returns	S\$2,700	
December Extension (only available to taxpayers overseas)	S\$525	
Power of Attorney and IRS Correspondence/Phone Calls	S\$800	Includes filing of Form 2848 and initial phone call to the IRS. Additional time chargeable at S\$525 hourly
Singapore Returns	From S\$850	
UK Returns	From S\$880	
Hourly Rate for Consultations, Research and Any Work Outside the Scope of the Current Tax Return Filing	S\$525/hour	
FedEx Fee	From S\$275 per mailer	Actual fee depends on weight of package