

Steven L. Jager, C.P.A.

An Accountancy Corporation • Admitted to Practice in the United States Tax Court

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m e m o r a n d u m

TO: All Clients
FROM: Steven L. Jager, CPA, MST, USTCP
DATE: As of January 1, 2019 & Subsequent
SUBJECT: **Billing Policies, Practices and Procedures**

In general, professional fees are based on the amount of time devoted to client matters, at standard hourly rates for secretarial/clerical staff, paraprofessional staff and myself, as principal of the Firm. **We endeavor to charge reasonable fees**; the hourly rates are comparable to those charged for similar levels of work by CPA Firms of similar experience and standing in the community, and are adjusted periodically for various factors, including inflation. Presently, these standard rates are as follows (*per hour*):

- Clerical/Secretarial: \$45;
- Paraprofessional: \$85 - \$125;
- Professional: \$100 - \$365 for most services * ;
- Principal: \$365 for most services *

** **Certain special projects** (e.g. mergers, acquisitions and other extraordinary or complex matters identified in advance) AND **most tax controversy matters at their respective administrative level will be billed at \$385 per hour**. This explicitly means representation before the Internal Revenue Service, the California Franchise Tax Board, the Employment Development Department, the California Department of Fee and Tax Administration (sales tax issues), and the California Office of Tax Appeals. However, **litigation services in the United States Tax Court are presently billed at \$400 per hour for the Firm's principal**; Additionally, services for analysis and/or testimony in other State or Federal Court proceedings, including fees as an "expert witness" are billed at **\$450 per hour**. Some minimums for time at Deposition and/or Trial may also apply.*

We make a concerted effort to perform each project efficiently at the lowest billing rate possible. Our overriding priority, however, is to perform each assignment in a competent and timely manner and with maximum professional care and diligence.

The following policies and practices are also followed:

1. Direct Costs/Expenses: These are additionally billed, and generally include (but are not limited to): **computer costs; messenger fees**; Golden State Overnight, Federal Express, UPS; telephone toll charges; printing and photocopy costs; fax charges; travel; **parking**; etc.;

Computer costs for tax returns are presently billed at a flat \$75 per tax return, which is intended to reimburse us for the cost of the specialized tax software and licensing fees, paper, toner, etc.

2. Tax Return Engagements: Notwithstanding the above, **MINIMUM FEES** apply to tax return preparation as follows:
 - **Individual** Income Tax Returns: \$600 (plus direct costs; therefore, **\$675 TOTAL MINIMUM**);
 - **Partnership including LLC** Income Tax Returns: \$925 (plus direct costs; therefore, **\$1,000 TOTAL MIN**);
 - **Corporation** Tax Returns: \$1,000 (plus direct costs; therefore **\$1,075 TOTAL MINIMUM**).

3. Telephone Calls/Consultations: Clients are encouraged to call with queries, particularly in advance of entering into significant financial transactions, or in cases where the client's tax return may be impacted. At my discretion, such short telephone calls (e.g. a single 5 or 10 minute call) may not be billed. Lengthier conversations, or a series of short conversations may be billed.
4. Policy on E-mails: Email has become an important, useful and very effective tool. While there is a risk of cyber-theft to be aware of, this office takes all reasonable precautions to guard against hacking and other forms of cyber-theft. **Clients are encouraged to use email whenever possible**, but by using email, YOU acknowledge that you understand and accept the risk that email is not totally secure. As with telephone calls, I reserve discretion in determining if email exchanges will be billed, based generally upon the time spent.
5. Monthly Billing Procedure: In the case of tax return preparation engagements or short-term, single projects, a memorandum billing is rendered upon completion; in all other cases, billings are rendered monthly, as work is performed, and payment is expected **upon receipt** OF ALL BILLINGS. Balances which have not been paid within 15 days of invoice date are subject to a monthly service charge of 1½ %, retroactive to invoice date. **Services will be suspended on any accounts where satisfactory payment arrangements have not been made.**

For internal accounting purposes, all Firm personnel keep detailed records of all time expended -- whether billable to a client or not. Time is recorded when spent and is billed in one-quarter (¼) hour units. Time that has been expended, but not actually billed may appear as a "courtesy reduction" on the monthly invoice.

6. "Retainer" vs. "Fixed Fee": An advance retainer is usually requested at the start of a new engagement. A "retainer" should not be confused with a "fixed fee" or "flat fee," in that a retainer is simply an advance payment which is credited dollar-for-dollar to the account and as services are rendered, the retainer is charged until it has been "used up." Once the retainer has been "used up," we may request that it be replenished. On the other hand, a "Fixed Fee" or "Flat Fee" is an amount which is agreed-upon in advance, for which a specified service will be rendered for that specific fee. "Fixed Fees" are generally rare in this practice, but when they are used, they are always very specific and in-writing.
7. Questioning Bills: ***If we do not hear from you within ten (10) days from the invoice date, we assume that the bill is accurate and, most importantly, you agree that it is accurate and reasonable. Therefore, if you have any questions about your bill, please call us immediately upon receipt.***
8. Terminations: Professional accountancy services may be terminated by the Firm or by client at anytime, and for any reason. Although the Firm endeavors to work through the completion of each engagement, there may be exceptional circumstances (including client decisions) which make completion impossible. In such event, the policy is to bill for services rendered to the point of withdrawal.
9. Disputes: In the event of a dispute over any issue related to the performance of services, the parties agree to first meaningfully, and in good-faith participate in, mediation administered by ADR SERVICES, INC, or any other similar, professional and independent mediation service which is acceptable to each party before filing any claim, complaint or suit. Each party shall pay one-half of the costs of the mediation and all of their own costs and fees.
10. Clients With Separate Engagement Letters: The policies described above are intended to be general in nature. Many clients (particularly those with on-going needs) have written engagement letters, which may contain provisions that conflict with one or more these general policies. In any such case, the provisions contained in the engagement letter will prevail.
11. Accepted Forms Of Payment: Of course, professional fees may be paid by personal or business check (as appropriate). Additionally, the following credit cards are accepted: VISA, MasterCard, American Express/Optima & Discover. Credit card payments may be made either (a) online at www.cre8ivcpa.com; or (b) by contacting the Office by telephone or facsimile with your credit card information.