The Form 1041 engagement letter

United States edition

[Firm letterhead]

[Date]

[Name], as [Trustee of the [Name] Trust / Executor of the Estate of [Name]]
[Address]

Dear [Fiduciary name],

WHO WE ACT FOR

This letter confirms the terms on which we will act for you in your capacity as [trustee / executor] of the [trust / estate]. Our client is the fiduciary in that capacity. We do not act for any beneficiary, and we will provide information to beneficiaries, including Schedules K-1, only at your direction.

THE ENGAGEMENT

We will prepare Form 1041, U.S. Income Tax Return for Estates and Trusts, for the tax year ending [date], the Schedules K-1 for each beneficiary, and the [state] fiduciary income tax return, from the information you provide. [Where applicable: Form 1041-ES estimated tax vouchers / Form 8960 / Form 56.]

WHAT IS NOT INCLUDED

This engagement does not include the decedent's final Form 1040, Form 706 or Form 709, fiduciary or court accountings, the determination of trust accounting income under the governing instrument and state law, legal advice on the instrument, the valuation of any asset, or representation in any examination by the IRS or a state agency. We will agree any of these separately.

YOUR RESPONSIBILITIES

You are responsible for the information you give us, including a copy of the will or trust instrument and any amendments, records of income, expenses and distributions, and date-of-death or other values for the assets. We will rely on that information and on your determination of trust accounting income without auditing it.

Several elections are time-limited and cannot be reversed once made, including the choice of the estate's tax year, the section 663(b) 65-day election and the section 645 election. We will advise you on them; the decision to make them is yours, and we need it by [date].

DEADLINES

Form 1041 and the Schedules K-1 are due on the 15th day of the fourth month after the end of the tax year. If we do not have complete information by [date], we will file Form 7004 to extend the time to file. An extension does not extend the time to pay, and interest and penalties accrue on tax paid late.

STANDARDS

We will prepare the returns in accordance with the AICPA's Statements on Standards for Tax Services and, where applicable, Treasury Department Circular 230.

FEES

Our fee is [amount], payable from [the estate / the trust], invoiced when the returns are ready for your signature and payable within [number] days. Work outside this scope is charged at [rate] per hour and agreed with you first.

CONFIDENTIALITY AND RECORDS

We keep the estate's or trust's information confidential, disclosing it to beneficiaries or others only at your direction or where the law requires, and retain our working papers for [number] years.

AGREEMENT

Please sign in your fiduciary capacity and return a copy of this letter.

Yours sincerely,
[Name], [Firm name]

Agreed: [Name], as [Trustee / Executor]

Signature _____ Date _____

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