



# TERMS OF SERVICE

**For: MONTHLY REAL ESTATE EDUCATION, ACCOUNTING, TAX, & PAYROLL**

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<b>TAX IN-HOUSE AGENT FINANCIAL SERVICE</b>	
<ol style="list-style-type: none"> <li><b>1. MREA inspired Business Financial Education</b></li> <li>A. Access to facilitated web-based P&amp;L conversations</li> <li>B. Access to P&amp;L Education/Accountability calls</li> <li>C. Assistance with interpretation of your P&amp;L numbers including tax liability estimate</li> <li>D. Unlimited answers to tax, payroll, MREA bookkeeping, and MREA Budget Model questions</li> <li><b>2. Maintain Quickbooks file for client and provide monthly MREA Profit &amp; Loss Report</b></li> <li><b>3. Prepare and submit up to six 1099s</b></li> <li><b>4. Prepare and file Business Tax Return (1065 Partnership or 1120S S-Corp)</b></li> </ol>	<b>\$295*</b>
<b>Additional Services</b>	
<ul style="list-style-type: none"> <li>• Expansion Team tracked and “classed” separately on P&amp;Ls (\$145/month/expansion market)</li> <li>• “Catch-up” P&amp;Ls (\$125/month) required when clients do not start service with Jan P&amp;Ls</li> <li>• Tax notice resolution for issues preceding Tax In-House (Avg \$125 per notice)</li> <li>• Delinquent tax returns (varies depends on organization and quality of source documents, Avg \$1450)</li> <li>• Opinion Letter to mortgage company or similar professional (\$125 per letter)</li> <li>• Additional 1099 (\$20/1099)</li> <li>• Creation of Limited Liability Company (LLC) (generally \$150 plus filing fees for a single member LLC; multi member LLCs will depend on specific circumstances)</li> </ul>	
*additional fees may be assessed if client does not meet their review obligations, see “Billing” section for details	

## Why Tax In-House?

- **Education** – for clients that want to understand their numbers and the MREA Budget Model
- **Leverage** – for clients that don’t want to deal with the minutiae of an S-Corp
- **Communication** – for client seeking to have a partner in their business financials and willing to communicate their needs and expectations
- **Active participation** – for clients who accept they are a critical partner in the tax/bookkeeping process

## Why NOT Tax In-House?

- **No Desire for Education** – “I don’t want to understand this stuff, that’s why I hired you”
- **Communication** – “you should’ve just known that I wanted X, Y, or Z.” aka unwillingness to communicate expectations
- **Passive participation** – “I don’t have time to review these documents.”
- **Passive participation** – “I’m too busy to send you that bank statement, credit card statement, commission statement, etc.”



**INTRODUCTION** – Welcome and congratulations on exploring the idea of really understanding your business’ numbers. Numbers are the language of business and it can be a surprisingly quick journey from “yawn fest” to “give me my scorecard!” Tax In-House is an education company that happens to do taxes and bookkeeping. Our number one objective is helping agents get understanding and intentionality regarding their business finances. We are excited you are exploring how Tax In-House might help you with this area of your business and through this document we seek to outline how we work, and what we expect, to help ensure that should you choose Tax In-House we can have a long, productive, and successful relationship. Tax and accounting is a trust based field and we highly recommend you interview several providers in order to find the one that fits best, and resonates most, with you and your company.

**TAX IN-HOUSE BASELINE EXPECTATIONS** – While Tax In-House’s primary objective is to help educate agents regarding their business financial (we trust this has been communicated in your interaction thus far), a second objective, in furtherance of the first, is to act as leverage for all bookkeeping, payroll (when the sole employees are S-Corp officers), and tax matters. By handling these minutia items for clients, Tax In-House helps agents maximize the ROI (return on investment) of their time while also ensuring the documents that become the basis for the agent’s education are accurate. To achieve these objectives we have four core expectations of our Clients.

1. **All business expenses and only business expenses run through business accounts.** This is your “one thing.” The most critical aspect to quality bookkeeping is accurate source documents. Your business finances are created from three source documents; (1) bank statements, (2) credit card statements, and (3) commission statements (disbursement authorizations). If these documents are not a true reflection of your business costs then the Profit & Loss statements resulting from these documents will also be inaccurate. Thus, the single most important task of a Tax In-House Client is to make sure their business accounts are used for **all and only** business expenses.
2. **P&L Detail Report is reviewed monthly.** A P&L is only as useful as it is accurate. Thus, a close second in importance is that Clients review their P&L Detail Report on a monthly basis (this only takes ~10 minutes). This review process allows Clients to see exactly where Tax In-House categorized each transaction from the previous month and also allows a Client to make sure all statements are included. This review presents an opportunity for Clients to understand our thinking, and make changes in the event our assumptions are incorrect. This review is also the first step to really understanding your business financials. Lastly, since your P&Ls become the basis of your corporate tax return this review process is necessary for Tax In-House to meet its IRS mandated reporting requirements. Failure to review a P&L within two months of receipt can result in additional charges to the Client when the review finally does take place (\$20/month for revisions only; \$25/month for entering “missing” statements).
3. **Documents and other requested information is provided to Tax In-House in a timely manner.** Since all source documents for your business financials come directly from your business, Tax In-House expects Clients to provide missing information in a timely manner upon request.
4. **Partnership based on respect.** Tax In-House and its Clients are in a business partnership based on trust, respect, and mutual assistance. Tax In-House expects Clients to acknowledge this partnership and treat Tax In-House team members in an appropriate manner.
5. **Read our emails/listen to our messages.** Tax In-House communicates valuable and time sensitive information regularly. Tax In-House expect Clients to read our emails, read our texts, and listen to our voicemails.

**WHAT TO EXPECT – START-UP PROCESS.** Tax In-House has developed systems to initiate Clients to our processes, our expectations, and our recommendations for maximizing ROI from your P&L Reports. The start-up process is generally as follows:

1. Client provides Tax In-House with, or access to, bank and credit card statements, commission statements (disbursement authorizations or DAs), year-to-date payroll history, a credit/debit card for billing, and other initial documents (see below) as necessary.
2. Tax In-House brings Clients account current (“catch-up”) and creates a year-to-date P&L Reports for Jan through current month.
3. After initial P&L Report is sent an Initial P&L Call is scheduled to discuss:
  - a. Overview of P&L structure
  - b. How to review P&L and vett for accuracy
  - c. How to make corrections
  - d. First steps for moving from “yawn fest” to “scorecard”
  - e. Tax In-House expectations

Initial documents include:

- Employer Identification Number (if existing LLC or corporation)
- Prior year business tax return (if existing LLC or corporation)
- IRS Form 2553, if applicable
- Bank & credit card log-in ID and Passwords, if applicable
- Year-to-date payroll information (showing all wages previously paid)
- W-9 for independent contractors

If Clients do not have any of the above information we can assist them in obtaining the necessary documents/IDs.

**EDUCATION** – Understanding your P&L is the first step to higher ROI, better margins, and more net profit. Agents that fully utilize their P&L to assist with business decisions consistently achieve higher ROI on their expenses and overall achieve better operating margins. Tax In-House remains infinitely available to assist Clients in treating their business like a business, understanding their P&Ls, and/or are using their P&Ls to make spending decisions. Common questions/conversations include:

- “What are the parts of my P&L? How is it put together?”
- “How do I review my P&L for accuracy?”
- “How do I conduct a ROI analysis?”
- “How do I create a budget/forecast?”
- “How do I compare my P&L to the MREA percentages? Am I doing something wrong if they don’t match?”
- “How can my tax liability be estimated from my P&L?”
- “How are my business taxes and personal taxes linked?”
- “What are best practices in regards to tax and paying my tax liability?”
- “What is a reasonable salary?”



- “What penalties does the IRS assess if I don’t pay my taxes?”

**S-CORP MINUTIAE – FINANCIALS.** As a systems based company, and one providing documentation to the IRS and state tax authorities, it is critical that we have accurate information. Thus, a foundational aspect of our service requires Clients run all their business expenses, and only their business expenses, through their business bank and credit card accounts. Everything Tax In-House does flows from the information coming from these accounts.

P&Ls are the foundational document to your financial understanding. They show you how much money you are making from your investment in expenses. This allows you to guide your money to its most productive use. However, P&Ls are only as good as the information that goes into them. It is vital that these documents reflect your entire business.

**In order to prepare accurate P&Ls, Tax In-House needs the following information on a monthly basis:**

- 1. Bank Statements:** There are two options for providing bank statements.
  - Option 1: You provide Tax In-House with administrative access to bank and credit card accounts. With this option Tax In-House will be responsible for downloading bank and credit card statements on a monthly basis. If you select Option 1 you will receive your monthly Profit & Loss Statement by the 15<sup>th</sup> of each month.
  - Option 2: Alternatively, you can provide Tax In-House with bank and credit card statements. If you select Option 2 you are responsible for downloading bank and credit card statements and sending these to Tax In-House. With Option 2 you will receive your monthly Profit & Loss Statement within 11 business days of providing Tax In-House with statements.
- 2. Office Bills:** Clients are responsible for providing office bills to Tax In-House if they would like these charges broken out into their individual parts. Ideally, office bills would be sent as soon as Client receives them.
- 3. Commission Statements aka Disbursement Authorizations (“CS/DA”s).** CS/DAs show true business Income and Cost-of-Goods Sold items. While these items may not have tax implications they are critical to seeing the true financial picture of your business (not to mention MREA models would be incomplete without them). Many clients provide Tax In-House with KW log-in and we pull disbursement authorizations ourselves. Alternatively, Clients can provide CS/DAs as they receive them. We also request Clients provide us with a production report monthly so that we can cross reference all CS/DAs.
- 4. Cash Receipts:** Tax In-House HIGHLY discourages the use of cash for business expenses. In the event that cash is used for a business expense, Clients must provide Tax In-House with a copy of the receipt if the expense is to be included with the Profit & Loss Statement.

*The monthly Profit & Loss Statements will show the Client’s total income and expenses for the year as well as Client’s current net profit. Tax liability can be closely approximated using Clients effective tax rate and this net profit number. Tax In-House is in the business of providing information. While a P&L can show profit it does not show cash flow. Consequently, it is up to the Client to decide, based on their P&L, how much tax they want to pay on a monthly or quarterly basis. Again, Tax In-House can help with this determination if requested.*



**S-CORP MINUTIAE – TAX.** Tax In-House’s monthly service includes the preparation and filing of Client’s Business Tax Return (generally IRS Form 1120S). This return is based on the information found in Client’s Profit & Loss statement. Client is responsible for providing Tax In-House with (1) a copy of their 1099, (2) their total business mileage, and (3) any state/office specific tax documents PRIOR to the tax return being prepared.

**BILLING.** Tax In-House utilizes flat fee recurring billing. Recurring billing streamlines our billing system and is an important factor in our pricing model. The flat fee aspect is designed to remove Client’s concerns about charges for questions or education. Client’s credit cards will be charged on or about the 1<sup>st</sup> of the month for the previous month’s work (ie the Feb billing charge is for Jan P&Ls). **All funds are considered earned when charged.** Additional fees may be charged for the recurring monthly service in the event of the following:

- Declined credit card. Due to the additional labor in tracking down a current credit card, in the event Client’s credit card is declined, Tax In-House reserves the right to charge a declined credit card fee of \$25.
- Failure to review P&L Detail Report. Tax In-House systems are based on the expectation of review, and timely receipt of corrections to, Client’s P&L Reports. It creates a considerable time and labor burden for Tax In-House when many months of corrections are requested at a single time. As such, when corrections are requested more than two months after Client receipt of a P&L Report, Tax In-House reserves the right to charge a correction fee of \$20/month.
- Failure to provide all bank/credit card statements. Tax In-House systems are based on the expectation of review, and timely receipt of missing statements for, Client’s P&L Reports. It creates a considerable time and labor burden for Tax In-House when many months of missing statements are provided at a single time. As such, when missing statements are requested to be added to P&Ls more than two months after receipt of the initial P&L Report, Tax In-House reserves the right to charge a missing statement fee of \$25/month/statement.

**CANCELLATION.** Both Tax In-House and Client reserve the right to terminate this agreement at any time and for any reason. In this event all duties and obligations of both parties shall cease immediately. Cancellation will not result in the refund of any funds charged.

*I have read the Tax In-House Terms & Conditions and agree to the terms stated*

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

