

## **Terms of Our Engagement**

### **Purpose and scope of engagement**

Our engagement is to assist with the preparation and lodgment of the annual income tax returns for yourself and any other entities as you have instructed. You (and each nominated entity) agree to be bound by the terms of this engagement, as discussed below. Unless otherwise expressly agreed with you in writing, lodgment of your returns will occur after payment of our services. This letter relates only to the abovementioned service and our engagement will be limited to the matters discussed in this letter. Any additional work performed, or disbursements incurred outside the scope of this engagement, will be subject to additional charge.

### **Basis of engagement**

Our engagement is to assist with the preparation and lodgment of taxation returns as advised by you. We expect that all relevant information will be collated by you prior to your scheduled appointment. It is expected that your source documents will be available upon request, to allow us to analyze the income tax implications of any transaction. While we generally do not analyze these documents, the ATO will expect you (and you are required) to have them available before any claim is made in your income tax return. We may in some circumstances also request to see source documents if a tax issue is particularly contentious.

In engaging us to provide taxation services, it is important that you understand and agree that:

- You are responsible for the accuracy and completeness of the information provided to us by you.
- Any advice we provide is only an opinion based on our knowledge of your circumstances limited to information you have provided us.
- You have obligations under the self-assessment regime to retain full and proper records in order to facilitate the preparation of accurate tax returns.
- This engagement cannot be relied upon to detect or otherwise disclose irregularities (such as fraud, illegalities or the errors of other parties) and is not an audit or review engagement.

Before lodgment of any taxation returns, we will ensure that documents are provided to you for approval. While we endeavor to ensure that the taxation returns are lodged by their due dates, we will not be responsible for any late lodgment penalties or interest charges you may incur if you are late in providing us with information. We rely upon you to provide us with accurate and timely information to enable us to perform our engagement obligations.

### **Documentation**

The taxation returns that we are engaged to prepare shall be your property after payment of the fee for preparation of that taxation return. If our engagement is terminated by either party, we will retain the taxation returns until payment of outstanding fees. All source documents used in the preparation of your return that were provided to us by you, will always remain as your property. Any other documents brought into existence by us, including general working papers, the general ledger and draft documents, will always remain our property.

### **Disbursements**

Occasionally, disbursements may be incurred from external suppliers (such as postage or couriers, ASIC fees, other Government fees, etc.) which will be charged to you at cost. Unless otherwise stated in writing, any estimates which we provide to you of expected fees, disbursements and charges for any work are only indicative of the amounts you can expect to be charged, and any collation, data entry or bookkeeping involved in preparing your returns is charged on an hourly basis. Estimates are not quotes or caps and are not binding; therefore, if an estimate is given and the scope of the work changes, or if it becomes apparent that the work involves matters that were not taken into account in the estimate, we will endeavor to advise you and provide an amended estimate as soon as practicable.

### **Income Tax Returns**

We will advise as to the requirements of the substantiation provisions relating to your income tax return and of the necessity to obtain acceptable receipts as required by the legislation. We will not, however, be checking that the requirements of the substantiation provisions have been satisfied. It is your responsibility as the taxpayer, to retain legible copies of your source documents for a period of 5 years from the date of lodgment of the return and be able to present them upon request to the Australian Taxation Office.

This specifically means that we will not be auditing your logbook or any calculations or information you provide us, such as a rental property schedule prepared by you on spreadsheet or by a property manager. If you require assistance in completing a logbook or preparing any calculations or you would like us to review such work, please discuss this with us. This will entail work which is outside the scope of our engagement and will be charged as additional services, contingent on the amount of time taken to do so. The fee for this service does not cover any inquiries or investigations conducted by the Australian Taxation Office. Substantial penalties apply for an incorrectly prepared income tax return. If you have any queries in respect to this, please contact our office for assistance.

### **BAS Returns**

BAS returns are prepared quarterly and lodged during the financial year. It is not possible to review the correctness of the underlying financial information as part of the preparation of the quarterly BAS return. This engagement is for the preparation of the annual financial statements at the end of the financial year. Accordingly, the quarterly BAS returns will be based upon the financial information provided without review of primary source documents, unless the client has requested and paid for our firm to undertake their bookkeeping. In doing so, it is assumed that the financial information provided by you is accurate, that the financial information correctly states the Goods and Services Tax (GST) position; for example that all input tax credits and GST payable amounts have been correctly recorded; that you have supporting documentation to satisfy the ATO for GST audit purposes; and that you hold valid tax invoices and adjustment notes for all expenditure incurred and for which an input tax credit is being claimed. It is possible that, when the financial statements are prepared, discrepancies are noted between the information disclosed in quarterly BAS returns and the annual financial statements. Any corrections and related fees will be documented at this time.

### Previous Returns

It is noted that we are not engaged to review the accuracy of previous returns lodged by your organization including that of the Principals, Partners, Trustees, Directors, Shareholders or Beneficiaries. You have warranted that reliance can be placed on the financial statements and other financial records presented by you for this purpose.

### Additional items

As an Accountant, we are bound by the APES 110 Code of Ethics for Professional Accountants (including Independence Standards), and pursuant to the Responding to Non-Compliance with Laws and Regulations (NOCLAR) requirements, the Accountant is required to report any non-compliance with laws and regulations or acts of omission or commission, intentional or unintentional by a client or by those charged with governance, by management or by other individuals working for or under the direction of a client which are contrary to the prevailing laws or regulations.

As a member of the IPA, our firm is subject to the IPA's Quality Review Program (QRP) mandated by the International Federation of Accountants. QRP assesses member compliance with the professional and ethical standards and by accepting our engagement you acknowledge that, if requested by the IPA, our files relating to this engagement may be made available for QRP review. Unless otherwise advised, you are consenting to your files being part of a QRP. As a member of the IPA, our firm is part of the IPA Professional Standards Scheme and our liability is limited by a Scheme approved under Professional Standards Legislation. For more information on the IPA Professional Standards Scheme or Professional Standards Schemes generally, please refer to: [www.psc.gov.au](http://www.psc.gov.au). We are bound by the provisions of the Privacy Act 1988 to maintain all your records securely and in accordance with the provisions of that Act. Any breach of these requirements should be notified to the Privacy Commissioner. As noted above, your file, unless you specifically forbid it, may be subject to a QRP review. As a Tax Agent, we are subject to the code of professional conduct established by the Tax Agent Services Act 2009 (TASA), this Code requires that unless legally required to we cannot disclose information to a third party without your permission.

### Confirmation of engagement

Once you are satisfied with the terms of this engagement, please check the box on your Client Contact Form that states you agree with the Terms of Our Engagement. Instructing us to proceed with preparation of your tax return and payment of the fees for preparation of your return are also indicative that that you have read and accept the Terms of Our Engagement. We thank you for the opportunity to provide accounting and taxation services to you and your business and we look forward to developing a close accounting relationship with you and providing the best service possible, for many years to come.

Yours sincerely,

*K Jackson*

**Krystal Jackson**

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