

Terms of Engagement

Thank you for your instructions to attend to your taxation requirements. This handout sets out our terms of engagement and the scope of the work to be performed by us within that engagement. Please read it carefully and contact this office immediately if you do not understand, or wish to discuss, any aspect of the terms of this engagement.

Since the 1st of March 2010, a new regime for the regulation of tax agents has taken effect under the *Tax Agent Services Act 2009 (TASA)* and accompanying regulations. The new regime has implications for registered tax agents and also for their clients.

An important feature of TASA is the provision of a "safe harbour" protection from penalties in certain circumstances for taxpayers who engage registered tax agents.

To obtain the benefits of "safe harbour" protection, the legislation requires the taxpayer to provide the registered tax agent with "all relevant taxation information" to enable accurate statements to be provided to the Australian Taxation Office. This requirement may be important to both parties in identifying and understanding the purpose and scope of the engagement as set out below and may also affect other matters discussed below.

Purpose and scope of engagement

Our engagement is to prepare and lodge the annual income tax return for you.

You and each adult member of your family engages us on the terms set out in this handout and is bound by those terms. As agreed, our services will be provided to you on a fee for service basis based on an hourly rate.

Basis of engagement

Our engagement is to assist with the preparation and lodgement of the taxation returns for you.

Documentation

Before we lodge any tax returns on your behalf, we will forward them to you for approval and signing. If you are late in providing information, we will do our best to meet the time limits, but we will not be responsible for any lodgement penalties you may incur.

Ownership of documents

The tax returns which we are specifically engaged to prepare, together with any original documents given to us by you, shall be your property. Any other documents brought into existence by us, including general working papers, the general ledger and draft documents, will remain our property at all times.

If our services are terminated (by either party), we shall be entitled to retain all documents owned by you until payment in full of all outstanding fees.

Additional Services

The scope of our engagement is the preparation and lodgement of the taxation returns detailed above. Our fee applies only to services and advice provided within the scope of our engagement.

Any additional services or advice that you request are outside the scope of our engagement and not included in the fee. These services will be charged on the basis of the time and degree of skill and acumen required to complete the task undertaken by us, including any direct out-of-pocket expenses. Please note in particular that any correspondence from the Australian Taxation Office that does not relate to initial assessments or original payment notices will be charged as additional services.

We shall now outline the basis of our engagement in the context of the specific services to be provided.

It should be noted at the outset that as a general proposition we rely upon our clients to provide us with accurate and timely information to enable us to properly perform our engagement obligations. Consequently, any rectifying work performed by us on the basis of incorrect or late information will be work which is outside the scope of our engagement and will be charged as additional services.

Income tax returns

This firm has been engaged to prepare and lodge income tax returns for you.

In addition to the basic financial information required to complete these tax returns, it is expected that the source documentation will be available to allow this firm to analyse the income tax implications of any transaction if we request to see it. Whilst we will not as a matter of course be looking at 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.

It is also expected that, in respect of individual income tax returns, each person will comply with the substantiation provisions of the *Income Tax Assessment Act*.

We will specifically advise as to the requirements of the substantiation provisions relating to your income tax return and of the necessity to obtain acceptable receipts as specifically required by the legislation. We will not, however, be checking that the requirements of the substantiation provisions have been satisfied.

Confirmation of engagement

We thank you for the opportunity to provide accounting and taxation services to you. We look forward to working with you for many years to come.