

XX/XX/XXXX

Client Name
Street Address
Suburb | State | Post Code
Country

Dear *Client Name*,

ENGAGEMENT LETTER

This letter is to confirm our understanding of the terms of our engagement and the nature and limitations of the services that we provide.

Applicable Entities

The taxpayers covered by this engagement letter are listed below:

- *CLIENT NAME*
- *COMPANY NAME – ACN XXX XXX XXX*
- *TRUST NAME*
- *SMSF NAME – ABN XX XXX XXX XXX*

Scope of Services

The scope of our engagement will include:

- *Preparation and lodgement of your Income Tax Returns.*
- *Preparation and lodgement of your Financial Statements.*
- *Preparation and lodgement of Business Activity Statements.*
- *Preparation and lodgement of Fringe Benefit Tax Returns.*
- *QBCC MFR Form Reviews as and when required.*
- *Management of Xero/Class Files.*
- *ASIC annual support services as registered agents of your company.*
- *Special advices as and when required.*

The scope of our engagement will be limited to the performance of the services listed above. If the scope does not meet your requirements or you would like to discuss the scope with us further, please let us know.

In providing these services, it is agreed that this engagement does not cover any independent audit of the information provided or income tax returns prepared. Our role will be limited to assistance in the compilation of the information and preparation of the relevant taxation returns based on the information and records provided by you to us. We are entitled to rely on the records provided as being both accurate and complete.

Some of your agreed work is subject to specific lodgement dates. Our objective is to ensure that all of your work is completed in time to meet these lodgement dates. This is reliant on receiving your work within a reasonable time period prior to those due dates (our recommendation is not less than 6 weeks) and having timely answers to any queries raised. We will agree a work program with you each year, including the dates for both the receipt of work from you and our completion date.

From time to time, you may request that we undertake additional work for you other than what is described in this engagement letter. This will represent a separate engagement for which we will issue you with a separate engagement letter.

This engagement will also not include financial product advice as specified under the Corporations Act.

Period of Engagement

This engagement will start from XX/XX/XXXX. The first period for which we will be responsible is the XXXX financial year. We will not deal with earlier periods unless you specifically ask us to do so, and we agree.

This letter will be effective for future years unless we advise you of any change in our arrangement.

Your disclosure and record keeping obligations

The *Tax Agents Services Act 2009* requires us to advise you of your disclosure and record keeping obligations where we are acting for you on taxation matters. In relation to the taxation services provided:

- You are required by law to keep full and accurate records relating to your tax affairs.
- It is your obligation to provide us with all information that you reasonably expect will be necessary to allow us to perform work contemplated under this engagement within a timely manner or as requested. This includes providing accurate and complete responses to questions asked of you by us within a reasonable timeframe. Inaccurate, incomplete or late information could have a material effect on our services and/or our conclusions and may result in additional fees. We will not verify the underlying accuracy or completeness of information you provide to us. You are also required to advise us on a timely basis if there are any changes to your circumstances that may be relevant to the performance of our services. Specifically, if any subsequent event results in the information you provided to us being inaccurate, incomplete or misleading, then you are obliged to advise us as soon as possible. We take no responsibility to the extent that our advice is inaccurate, incomplete or misleading because it is based on inaccurate, incomplete or misleading information being provided to us.
- By accepting the terms of this letter, you will be taken to have agreed that the performance of our services is dependent on the performance of your obligations relating to disclosure and record keeping.
- The *Taxation Administration Act 1953* contains specific provisions that may provide you with “safe harbours” from administrative penalties for incorrect or late lodgement of returns if, amongst other things, you give us “all relevant taxation information” in a timely manner (the safe harbour provisions apply from 1 March 2010). Accordingly, it is to your advantage that all relevant information is disclosed to us as any failure by you to provide

this information may affect your ability to rely on the “safe harbour” provisions and will be taken into account in determining the extent to which we have discharged our obligations to you.

- You are also required to advise us if you become aware of any conflict of interest or potential conflict of interest. Generally, a conflict of interest is any event which may result in us becoming unable to remain objective in the performance of our services to you. Some examples of events which could give rise to a conflict of interest or potential conflict of interest during this engagement are changes to your business circumstances, events affecting your family (e.g. death and/or marriage breakdown) or a legal action commencing against you.

APES 220.3.18 specifically requires you to understand the following:

- The responsibility for the accuracy and completeness of the particulars and information provided by you rests with you;
- Any advice given to you is only an opinion based on our knowledge of your particular circumstances;
- You have obligations under self-assessment to keep full and proper records in order to facilitate the preparation of accurate returns.

Capital Gains Tax Records

As you will appreciate, it is important to retain a record of the cost and purchase date of capital assets (such as shares and property assets). Often such assets are owned for a long period. We recommend you maintain the original purchase records in a safe place so they can be located when the assets are sold. We maintain records of purchase cost and date for the self managed superannuation funds we administer but do not as a matter of course maintain such records for other entities other than under a specific agreed agreement with you. Please advise us if you want us to maintain these records.

Confidentiality

We will treat as confidential and maintain the confidentiality of all information and records that you provide to us. This information will only be disclosed to a third party where you provide specific authority for us to provide this information to them, or where we are subject to a legal duty to disclose the information.

From time to time during the completion of your work, we may engage various staff and or contact personnel who we consider appropriate for the completion of your work. These personnel will have access to your accounting and taxation records only for the purpose of completing the accounting and taxation agreements agreed. In all cases these personnel will be subject to our supervision and control

Security of your payments

To ensure the security of your payments, we strongly advise that you contact us directly to confirm our bank details before authorising your first payment to us. Additionally, if you receive any invoice or payment request that contains different bank details than those initially provided, please contact us immediately to verify the authenticity of the request.

Losses from unauthorised cyber-activity

We will take all reasonable precautions to ensure that any electronic data that contains your private information is securely stored and that any email transmissions are protected and are not able to be intercepted by third parties. However, we cannot be held liable for any loss that you might incur as a consequence of any third-party intervention that accesses, procures or copies any data that contains your private information from any medium or device we use to store or transmit such information.

In the event that, despite our firm having taken reasonable precautions to securely store your private information, you suffer any losses arising from unauthorised cyber-activity, you agree to forever release us from any claim for your losses.

Information we are required to Disclose to You

The Tax Practitioner's Board maintains a register of Tax Agents and BAS Agents. You can access and search this register here: <https://www.tpb.gov.au/public-register>.

If you have a complaint about our Tax Agent services, you will need to contact your Accountant in the first instance with details by email. If they are unable to resolve your complaint within 3 business days, please contact Stuart Webley (Director) or James Wilson (Director) by email.

Your complaint will be investigated by a Director or staff member who is not involved in the subject matter of the dispute where possible. We will provide you with email acknowledgement of receipt of your complaint and our understanding of the circumstances. The email will inform you that we will attempt to resolve your complaint within 14 days and will outline the dispute resolution process.

If you are unhappy with the outcome that we propose to you, you can then make a complaint to the Tax Practitioners Board (TPB) using the link listed above. The TPB will send you an email to acknowledge the receipt of your complaint and review and risk assess your complaint. If you are unhappy with how the TPB has dealt with your complaint, the above link includes details about your review rights and who can further assist you.

Fees & Terms

Fees for the work identified will be calculated based on the time involved in its completion. Our charges are based on the time spent by the individuals assigned to the engagement plus direct out-of-pocket expenses.

The actual fees and rates charged by us reflect the seniority, expertise and experience of the person involved, as well as factors such as the time frame in which this work is to be carried out, the particular nature of the retainer and the complexity and risks of the matter. These rates are reviewed each six (6) months. The new rates will apply from the date of the change; we will provide a schedule of hourly charge rates per person on request.

Where you require any additional work to be completed beyond that describe in this engagement letter then this will represent a separate engagement. We will be happy to agree this work with you and fees will be calculated on the same basis.

Our fees (including the appropriate amount of GST) will be billed on completion of each segment of the assignment or as progress bills after the end of each month. These accounts are payable upon completion of the task(s) and prior to lodgement.

Limitation of Liability

Our liability is limited by a scheme approved under Professional Standards Legislation. Further information on the scheme is available from the Professional Standards Councils' website: psc.gov.au.

Our Referral Policy

A referral from an existing client is the best way for a new client to find us. With so little independent information available, a referral from a friend or colleague makes the decision of finding an advisor so much easier. As a result, we receive many referrals from our clients and treat each referral very seriously. If there was someone you knew who required our assistance in the future, you should be aware of our Referral Process.

- All referrals from clients are treated on a no-obligation basis. We welcome the opportunity to meet with any referrals, but there is no pressure placed on them to proceed any further than an initial meeting.
- We maintain strict confidentiality and Privacy Policy procedures between clients and any of their referrals. We cannot discuss either party's situation or disclose their decisions or objectives.
- We ask for a brief introduction to any client referral, to avoid any surprises or the feeling of a "tele-marketer". We are often introduced to referrals over a coffee, via a email or phone call or at one of our seminars.

We may or may not pay a referral fee. In the event that we do pay a referral fee, that referral fee will be no more than 10% of your annual fees.

Your Obligations & Rights

The *Tax Agents Services Act* requires us to advise you of your rights and obligations where we are acting for you on taxation matters. In relation to the taxation services provided:

- You are subject to the self-assessment system in relation to any of your income tax returns. The Commissioner is entitled to rely on any statements made in your income tax returns. Where those statements are later found to be incorrect, the Commissioner may amend your income tax assessments and, in addition to any tax assessed, you may also be liable for penalties and interest charges.
- You have an obligation to keep proper records that will substantiate the taxation returns prepared and which will satisfy the substantiation requirements of the *Income Tax Assessment Act*. Failure to keep such records could result in claims being disallowed, additional tax being imposed, and the imposition of penalty or general interest charges.

- You are responsible for the accuracy and completeness of the particulars and information required to comply with the various taxation laws. We will use this information supplied in the preparation of your returns.
- Your rights as a taxpayer include:
 - The right to seek a private ruling.
 - The right to object to an assessment by the Commissioner.
 - The right to appeal against an adverse decision by the Commissioner.

Certain time limitations may exist for you to exercise these rights. Should you wish to exercise these rights at any time you should contact us so that we can provide you with the relevant time frames and to discuss any additional requirements which may exist.

Our obligation to comply with the law

We have a duty to act in your best interests. However, the duty to act in your best interests is subject to an overriding obligation to comply with the law even if that may require us to act in a manner that may be contrary to your interests. For example, we could not lodge an income tax return for you that we knew to be false in a material respect.

We also have an obligation to ensure that we manage conflicts of interest as they arise. In this regard, we have arrangements in place to ensure that we manage potential or actual conflicts of interest. The effective operation of these arrangements depends, in part, on you complying with your obligation to disclose any potential conflicts of interest to us.

Unless otherwise stated, this opinion is based on the Australian tax law in force and the practice of the Australian Taxation Office (the **ATO**) applicable as at the date of this letter.

Our advice and/or services will be based on Australian taxation law in force at the date of the provision of the advice and/or services. It is your responsibility to seek updated advice if you intend to rely on our advice at a later stage. We note that Australian taxation laws are often subject to frequent change and our advice will not be updated unless specifically requested by you at the time of the change in law or announced change in law.

On cessation of our services as your tax agent, our responsibility in relation to your affairs ceases. Therefore, should there be a change to legislation that is retrospective, if we no longer act as tax agent for you; we will not consider any amendments that may be required to returns previously lodged.

Digital Communications

The ATO has recently introduced a service known as 'Communication preferences'. This service will allow Australian Tax Advisors in our capacity as your tax agent to set which ATO digital communications are sent to our practice. We recommend that the following communication types are sent directly to us digitally:

- Income tax
- Superannuation
- Study and training support loans
- Activity statement related
- Debt
- Employer and business obligations

Upon signing the engagement letter, you are explicitly agreeing for the ATO to send digitally enabled communications for the above communications to us. We will be responsible for notifying you about the communications and you will no longer receive a notification in your myGov inbox about incoming mail from the ATO.

Other

In the course of our engagement, we will prepare various working papers and notes consistent with our internal quality control system. These working papers remain the property of our firm and will be retained by us to support any future queries on work completed. Original source records provided by you to us to assist in the completion of your work will be returned to you at the completion of each engagement. Where appropriate we may take copies to retain on your client file.

This letter will cover both the current and future years unless we advise you of any changes to our engagement terms and in this case, we will issue you with a new engagement letter.

We look forward to working with you and providing ongoing accounting, business, and taxation services. We appreciate the trust you have placed in us by appointing us as your accountants. We look forward to a long and mutually beneficial working relationship.

If you have any queries regarding the above, please contact us and we will be pleased to discuss these with you.

Confirmation of Terms

Please sign and return the attached copy of this letter to indicate that it is in accordance with your understanding of the arrangements. This letter will be effective for future years unless we advise you of any change.

Yours sincerely

Australian Tax Advisors
Agent Number 25487877

Partner Name
Director

Date: XX/XX/XXXX

Acknowledged on behalf of:

Client Name

Entities Covered:

- *CLIENT NAME*
- *COMPANY NAME – ACN XXX XXX XXX*
- *TRUST NAME*
- *SMSF NAME – ABN XX XXX XXX XXX*