

Engagement letter – non-business individual and family

Address:

Dear Sir or Madam,

Thank you for your instructions to attend to the taxation requirements for yourself and your family. A list of the individuals for whom we are to act is set out in the accompanying Schedule and our comments below are directed to all those persons.

This letter 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 if you have any queries or wish to discuss any aspect, please do not hesitate to contact us.

With effect from 1 March 2010, a new regime for the regulation of tax agents has taken effect under the *Tax Agent Services Act 2009* and accompanying legislation (**TASA**). 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.

You will find further discussion on the “safe harbour” protections in the accompanying document. If the terms of our engagement are acceptable, we ask that all persons sign the enclosed copy of this engagement letter in the places indicated and return same to our office. Please note that we are unable to perform any work for you until we receive the signed copy.

Purpose and scope of engagement

Our engagement is to prepare and lodge the annual income tax returns for yourself and your family.

You and each adult member of your family listed in the Schedule engages us on the terms set out in this letter and is bound by those terms. The adult individuals listed are all jointly and severally liable to pay our accounts, regardless of which of the listed individuals those accounts are addressed to and regardless of which of the listed individuals received the benefit of the work, performed.

As agreed, our services will be provided to you on a fee for service basis* based on hourly rates and charged as set out below.

This letter relates only to the abovementioned service and details the basis and terms of this engagement. Work that is performed or disbursements that are incurred which are outside the scope of our engagement will be the subject of additional charge.

Basis of engagement

Our engagement is to assist with the preparation and lodgment of the taxation returns for yourself and your family.

We expect that all relevant information will be collated and forwarded to our office by *[insert date]* each year. We shall detail more specific requirements in respect of the individual tax returns later in this letter.

Taxation services

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

- You are responsible for the accuracy and completeness of the particulars and information provided to us by you.
- Any advice we provide is only an opinion based on our knowledge of your particular circumstances.
- You have obligations under the self-assessment regime to keep full and proper records in order to facilitate the preparation of accurate returns.

Documentation

Before we lodge any returns on your behalf, we will forward the documents to you for approval. We will endeavour to ensure that the returns are lodged by the due dates and will advise you at the beginning of the financial year when documentation should be provided to us. 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 late lodgement penalties or interest charges 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), each person separately agrees that we shall be entitled to retain all documents owned by that person (including all tax refund cheques of that person which come into our possession) until payment in full of all outstanding fees from you and your family on any account. Where copies of any documents released to you are required for our records, you will be charged for the cost of photocopying at our normal rates.

Additional services

The scope of our engagement is the preparation and lodgment of the taxation returns detailed above. Any agreed fee applies only to services and advice provided within the scope of our engagement. This fee includes the checking and forwarding of original assessments and original payment notices that are received from the Australian Taxation Office.

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However, any additional services or advice that you request are outside the scope of our engagement and not included in this agreed 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 nor original payment notices will be charged as additional services.

Limitation of liability

Our firm's liability may be limited by a scheme approved under Professional Standards Legislation.

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 yourself and your family.

Please ensure that you have all source documentation 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 have the necessary documents so as to 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.

This specifically means that we will not be reviewing your log book or any calculations or information you provide us, for example a rental property schedule either prepared by you on spreadsheet or by a property manager. If you require assistance in completing a log book 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.

From time to time, this firm prepares templates and schedules to assist with the collation of information to complete income tax returns.

These will be provided free of charge.

The fee for this service does not cover any inquiries made to us or investigations involving us 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.

You and each person in your family agrees that we can bank into our trust account tax refund amounts received on behalf of that person and can deduct from those amounts any fees owed to us either by that person or by any other member of the family.

Confirmation of engagement

Obviously, there are many issues to consider in this engagement and we ask that you consider all aspects of this letter to ensure that you are satisfied with the scope of our engagement.

Please contact us if you have any queries about this letter.

Once you are satisfied with the terms of our engagement, would you please have all persons sign and date both copies of this letter in the places indicated.

One copy should be forwarded to us as evidence of your acceptance of the terms of our engagement. You should retain the other copy as your evidence of our engagement. We note again that we are unable to perform any work for you until we receive the signed letter.

We thank you for the opportunity to provide taxation services to you and your family and we look forward to developing a close accounting relationship with you for many years to come.

Yours sincerely,

Accounting First Australia

Acknowledgment of terms of engagement

We, the parties named in the Schedule, confirm that we understand and agree to your terms of engagement.

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Name

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Signed

dated the _____ day of _____ 20 _____