

<insert date>

<insert client name>

<address line 1>

<address line 2>

Dear <insert name>,

Re: <insert company and/or business names together with personal names and name of superannuation fund where appropriate>

Terms of Engagement – Taxation Services

Thank you for selecting us to conduct your professional accounting – taxation needs. We look forward to working with you.

We realise how important it is to understand your needs and we have prepared the attached Terms of Engagement (**TE**) to clarify the scope of work and other important terms. It is important that you read the TE before you indicate that you agree, which you can do by letting us know that you are happy to proceed.

The scope of work may fall within the CPA Australia Ltd Professional Standards (Accountants) Scheme (**Scheme**), which facilitates improvements to industry professional standards and protects consumers. Accordingly, we need to notify you of the following:

“Liability limited by a scheme approved under Professional Standards Legislation.”

If you want more information on the Scheme you can go to:

- [CPA Australia's Professional Standards Scheme](#), or visit
- [Professional Standards Councils' website](#) for additional consumer information.

Alternatively, if you want to clarify anything in the TE please call us on (02) 9686 6633.

Yours sincerely,

Michael Hadley
Hadleys Certified Practising Accountants

Terms of Engagement for Taxation Services

Between **Hadleys Certified Practising Accountants** and <[insert company and/or business names together with personal names and name of superannuation fund where appropriate] for the Term specified.

1. Purpose

This Terms of Engagement for Taxation Services (**TE**) confirms our understanding of the engagement and the nature and limitations of services provided.

2. Term

- 2.1 This TE will commence at the time you indicate acceptance and will continue until revoked by us or you.

3. Objectives and Scope of work

- 3.1 This firm will provide accounting and tax agent services, which will be conducted in accordance with the relevant professional and ethical standards issued by the Accounting Professional & Ethical Standards Board Limited (APESB), and with regard for relevant taxation legislation. The extent of our procedures and services will be limited exclusively for this purpose only. As a result, no audit or review will be performed and, accordingly, no assurance will be expressed. Our engagement cannot be relied upon to disclose irregularities including fraud, other illegal acts and errors that may exist. However, we will inform you of any such matters that come to our attention.

In particular, we will provide you with taxation services in compliance with APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code), APES 220 *Taxation Services and the Code of Professional Conduct pursuant to Tax Agent Services Act 2009*, which include:

1. Preparation of the Annual Financial Accounts, including the Profit and Loss Statement and the Balance Sheet, commencing with the [insert year] financial year.
2. Preparation of Income Tax Returns.
3. Preparation of the Company's Annual Solvency Statement.
4. Preparation of Company Minutes etc. to comply with statutory requirements.
5. Review and assist in preparation of your BAS/GST, PAYGW and PAYGI obligations to the ATO as necessary.
6. Preparation of your FBT Return and any FBT Declarations as required.
7. Advice as requested from time to time providing the advice sought is within our realm of professional expertise.

Financial statements and tax returns will be prepared for distribution to you for the agreed purpose. There is no assumption of responsibility for any reliance on our report by any person or entity other than yourself or by others specifically named in our report. The report shall not be inferred or used

for any purpose other than for which it was specifically prepared. Accordingly, our report may include a disclaimer to this effect.

- 3.2 Based on the above scope of work, you have given us the authority to use the tax agent portal and other tax portal related activities for the purpose of managing and meeting your taxation and superannuation lodgment obligations.
- 3.3 We will provide you with the following output Business Activity Statement submission reports, Taxation Return submission report and/or other reports as mutually agreed.
- 3.4 We will provide the scope of work output within the specified timeframe or within a reasonable period considering the context of the services.
- 3.5 We acknowledge that you may authorise an Accredited Data Recipient under the Consumer Data Right ('CDR') to provide CDR data to us via a Trusted Adviser Insight. We confirm that for this purpose you may nominate <insert name> as your Trusted Adviser and that <insert name> complies with the definition of a Trusted Adviser under the Competition and Consumer (Consumer Data Right) Amendments Rules (No. 1) 2021.
- 3.6 Unless otherwise specified in this TE or letter of engagement, audit and assurance or review are not included in this engagement.

4. Our Promise

- 4.1 We will perform procedures (guided by the APES suite of standards) required that are directly related to the engagement consistent with our Fundamental Principles of integrity, objectivity, professional competence and due care, confidentiality, professional behaviour, and identifying, avoiding and dealing with conflicts of interests.
- 4.2 We will seek to understand your requirements and provide you services confidentially and professionally. Any information pertaining to your affairs, whether it be provided by you, or through a Trusted Adviser Insight via the CDR, will be utilised and stored in an appropriate manner to maintain our professional standards and obligations. Further information on privacy is noted at section 10 of this letter.
- 4.3 We will document sufficient and appropriate records of the procedures performed for the TE, which may be subject to CPA Australia Best Practice Program assessment under APES 320 *Quality Control for Firms*.

5. Our obligations

- 5.1 We are obliged to consider whether our clients create any threats to compliance with our Fundamental Principles and where we cannot reduce the risk to an acceptable level we are obliged to cease the TE under the Code (section 320) to decline or cease the client engagement.
- 5.2 We have a duty to act in your best interests, unless this duty is inconsistent with our duty to act in the public interest.
- 5.3 We will inform you:
- of your (or your employer's) rights and obligations available under taxation law, including any rights that might be available to seek a private ruling and the lodging of objections and appeals against adverse positions adopted by revenue authorities
 - of any possible penalties and other legal tax consequences to enable you to make an informed decision.
- 5.4 We are responsible for maintaining records for a period of five years unless otherwise required by legislation.
- 5.5 During the course of our engagement, if we identify or suspect that Non-Compliance with Laws or Regulations (NOCLAR) has occurred or may occur, which may have a direct effect on material amounts or disclosures in the financial statements or compliance and may be fundamental to your ability to continue your business or to avoid material penalty, we may:
- 5.5.1 discuss the matter with the appropriate level of management, those charged with governance or the internal auditor, as appropriate
 - 5.5.2 communicate the non-compliance or suspected non-compliance with your external auditor, unless prohibited by law or regulation
 - 5.5.3 disclose the matter to an appropriate authority even when there is no legal or regulatory requirement to do so; and/or
 - 5.5.4 withdraw from the engagement and the professional relationship where permitted by law or regulation
- 5.6 Where appropriate we will inform you of our intention to disclose the matter to an appropriate authority before disclosing the matter. However, if we have reason to believe that the actual or intended conduct would constitute an imminent breach of a law or regulation that would cause substantial harm to the general public, we may immediately disclose the matter to an appropriate authority in order to prevent or mitigate the consequences of such imminent breach of law or regulation.

6. Your obligations

- 6.1 You are responsible for full disclosure of all relevant information.
- 6.2 You are responsible for your own record keeping relating to your affairs.
- 6.3 You will provide us with all relevant and material records relating to your affairs.

- 6.4 You are responsible for the reliability, accuracy and completeness of the particulars and information provided to us, and, if the TE includes financial reporting, the accounting records and disclosures of all material and relevant information provided to us. Accordingly, any advice given to you is only an opinion based on our knowledge or your particular circumstances.
- 6.5 You are responsible for retaining paperwork for as long as legally required.
- 6.6 You have obligations under self-assessment to keep full and proper records in order to facilitate the preparation of accurate returns.
- 6.7 You must retain paperwork for a period of five years after the assessment as you may be subject to an Australian Taxation Office review.
- 6.8 You are responsible for checking returns before submission to ensure accuracy.

7. Third Party Involvement

- 7.1 We may from time to time engage third party specialist professionals and other public practitioners, where warranted to obtain the advice you need or to assist us to provide our service to you. These may include cloud service providers and/or outsourced service providers.
- 7.2 We will seek your consent if third party involvement is likely to exceed the fixed price (if applicable).
- 7.3 We have outsourcing arrangements with external superannuation fund auditors whom we engage from time to time to assist us. The nature and extent of the services that we utilise are as follows: independent audit of self-managed superannuation funds.
- 7.4 Acceptance of our services in conjunction with this engagement document indicates your acceptance of the use of outsourced services as described above.

8. Fees, Billing & Trust Monies

- 8.1 If the engagement involves the use of trust monies, we will manage those funds in accordance with APES 310 *Client Monies* and as authorised by you in the Trust Account Authority Letter (if applicable) or as otherwise instructed by you.
- 8.2 The fee arrangement is based on the expected amount of time and the level of staff expertise required to complete the engagement as agreed. Fees will be subject to change from time to time if the following circumstances should occur:

- Your requirements are substantially different to previous years we have undertaken your work;
- The time taken to complete the engagement is significantly longer than that taken in previous years;
- The level of expertise and experience of staff required to undertake your work is higher than previously required; and/or
- There are material issues found in your books and records that require further investigation.

- 8.3 Any additional works requested but not identified at Points 3.1 will be charged at our regular rates.
- 8.4 We anticipate issuing our invoice for professional services upon completion of the engagement. However, where completion is beyond our control we may issue an invoice for the work performed and services provided.
- 8.5 Where work is being undertaken for entities controlled by or associated with you, you agree to pay us for the services we provide to those entities in the event the entity is unable or unwilling to pay. In other words, you agree to personally guarantee payment of our fees for work done for you and any entity associated with you.
- 8.6 Our invoices may also include disbursements paid by us. These may include photocopying charges, telephone and facsimile transmission charges, travel fares and expenses, stamp duty and fees paid to third parties such as couriers, registration fees or fees for other professionals. These may be in addition to our professional charges.
- 8.7 Unless other payment terms are agreed, each invoice is payable within 14 days of receipt.

9. Ownership of materials

- 9.1 You own all original materials given to us.
- 9.2 We own all materials produced by us that resulted from our skill and attention to the extent that the materials produced by us incorporate any original materials you give to us.
- 9.3 We may exercise a lien of your documents in our possession in the event of a dispute, which will be handled in accordance with our firm's dispute resolution process.
- 9.4 Subject to the payment of all outstanding professional fees and disbursements owing to us, we will provide you with materials produced by us for you in the event you engage the services of another practitioner and the materials are required by your new practitioner.

10. Privacy

- 10.1 Our collection use and disclosure of your personal information (**PI**) may be subject to the *Privacy Act 1988* (Cth) and accordingly we will only collect PI about you that relates to the TE. We may disclose PI about you for the primary purpose of this TE or to third parties by express consent or as required by law. If you would like to access any PI we might hold about you contact us on (02) 9686 6633.
- 10.2 We may collect PI about you, your representatives, your clients and others when we provide services to you. If we do, you agree to work with us to ensure that we both meet our respective obligations under the *Privacy Act 1988* (Cth). Your obligations may include ensuring your privacy policy and contracts include a reference to your collection practices, how you will use the PI and that you may disclose the PI to an agent for public accounting services.
- 10.3 We do not use out-source suppliers located in foreign jurisdictions. We do not use cloud-based systems. We store client information in a data server located in our offices. External backup copies are kept off-site in a secure location, accessible only by us.
- 10.4 If your PI is disclosed to CPA Australia for the purpose of conducting a CPA Australia Best Practice Program assessment on the services provided, your personal information will be handled as outlined in the [CPA Australia Privacy Policy](#).

11. Confidentiality

- 11.1 We have an ethical duty of confidentiality, which means we must not share or disclose your details of this TE to anyone, except as otherwise specified in this clause, without your consent unless required to by law.
- 11.2 We may disclose your personal and confidential information details, as part of our working papers of the services provided to you to CPA Australia Ltd, (if requested) for the purposes of conducting a CPA Australia Best Practice Program assessment aimed at maintaining high industry professional standards. Any such disclosure of confidential information does not change any of our commitments to safeguard your information, and the information remains subject to any existing confidentiality obligations. We will seek your written consent before providing any of your confidential information under this program.

12. Professional Indemnity Insurance (PII)

We hold professional indemnity insurance of at least the minimum amount prescribed in the CPA Australia Ltd By-Laws or as required by law.

13. Professional Standards Scheme & Limitation of Liability

13. 1 We participate in the CPA Australia Ltd Professional Standards Scheme (Scheme), which facilitates the improvement of professional standards to protect consumers and may limit our liability to you in a cause of action.
13. 2 The Scheme applies to professional accounting services including accounting, bookkeeping, taxation, auditing and assurance, insolvency and corporate reconstruction, management accounting, management consulting, forensic accounting, valuation services.

14. Other

This letter will be effective for future years unless we advise you of its amendment or replacement, or the engagement is terminated.

<INSERT CLIENT NAME> has read, understood and agrees to the provisions of this Terms of Engagement

Signature: _____

Printed name: _____

Title: _____

Date: _____