



STANDARD ENGAGEMENT LETTER: COMPLIANCE

This standard engagement letter for compliance services, together with our Standard terms and conditions of business (“Terms and conditions”), Authority to act as tax agent, Fee quote, and other correspondences in relation to our services and fees, set out the basis on which we will act as your accountant/tax agent.

1. WHO WE ARE ACTING FOR

- 1.1. We are acting for the client who have completed the Authority to act as tax agent form (“Client”). Details of the Client are stated in the Authority to act as tax agent form.
- 1.2. Where you would like us to act for anyone else such as your other business, family trust, director, shareholder, trustee, beneficiary, partner, and spouse, each of these entities/persons needs to sign a separate Authority to act as tax agent.

2. AUTHORITY TO ACT AS TAX AGENT

- 2.1. This engagement letter will enable us to act as your tax agent and authorise Inland Revenue Department of New Zealand (“IRD”) to communicate with us as your agent, although they will consider that you should still take reasonable care over your tax affairs.
- 2.2. By signing this engagement letter, you authorise us to prepare tax returns, using information you supply, and to file them with IRD. You also give your permission for us to discuss your tax affairs, and provide and obtain information for all current and future revenues with IRD, your bank(s) or any other institution that may be necessary to acquire information from to complete the required tax returns and other documents. You understand that information required for the above mentioned services may be obtained by telephone, correspondence, internet online services and any other appropriate means.

3. NOMINATED PERSON

- 3.1. You may nominate a person (“Nominated person”) to act on your behalf by signing an Authorisation letter.
- 3.2. By signing the Authorisation letter you confirm and warrant that the Nominated person is authorised to give instructions and information to us on your behalf and to receive our advice and work products on behalf of you.
- 3.3. Any change to the Nominated person should be notified to us in writing and will not be effective until acknowledged by us in writing.

4. PERIOD OF ENGAGEMENT

- 4.1. The engagement will start upon our receipt of your Authority to act as tax agent. The first periods for which we will be responsible are agreed separately. We will not deal with earlier periods unless you specifically ask us to do so and we agree.
- 4.2. Except otherwise specified, all years mentioned in this engagement letter and other engagement documents are referred to financial years starting on 1 April and ending on 31 March. For instance, Period from 1 April 2014 to 31 March 2015 will be referred to as 2015 year.

5. SCOPE OF SERVICES

- 5.1. The works we will be doing are specified in our Fee quote and may be changed from time to time.
- 5.2. Scope of annual accounts services

Our standard annual accounts services include the following items:

- Maintenance of general ledger

- Maintenance of fixed asset register
- Annual financial statements
- GST
- Income tax

5.3. Scope of tax services:

- We will prepare and file your tax returns, based on information provided by you.
- We will tell you how much tax (including provisional tax) you should pay and when. If appropriate, we will initiate refund claims when tax has been overpaid.
- We will advise you as to possible tax return related claims and elections arising from information supplied by you. Where instructed by you, we will make such claims and elections in the form and manner required by IRD.
- We will provide general guidance and liaise with IRD for routine tax matters. These routine works do not include tax registrations, tax determinations, tax audits, official tax enquiries, reviews or investigations. If you require us to apply for or maintain a tax registration, apply for a tax determination, or respond to a tax audit, an official tax enquiry, review or investigation, we will charge you additional fees.
- Where specialist advice is required we may need to refer your case to appropriate specialists. We will seek your approval in advance and you will be responsible for fees charged by these specialists.

5.4. Additional and ad hoc work

We may charge you additional fees if you require us to do other work such as:

- Entry of sales and supplier invoices
- Bank reconciliation
- Payroll/PAYE
- RWT/NRWT
- FBT
- Tax planning, tax opinion and explanation
- Company incorporation, deregistration, filing annual return, and maintenance of company registration
- Interim and special purpose financial statements
- Budget
- Cash flow forecast
- Management reporting
- Business valuation
- Certificates of income
- Information for immigration purposes

6. CHANGES IN THE LAW

- 6.1. We will not accept responsibility if you act on advice given by us on an earlier occasion without first confirming with us that the advice is still valid in the light of any change in the law or your circumstances.
- 6.2. We will accept no liability for losses arising from changes in the law or the interpretation thereof that are first published after the date on which the advice is given.

7. YOUR RESPONSIBILITIES

7.1. You are legally responsible for:

- Ensuring that the tax returns are correct and complete;
- Filing any returns by the due date; and
- Making payment of tax on time.

Failure to do this may lead to automatic penalties, surcharges and/or interest.

7.2. To enable us to carry out our work you agree:

- That all returns are to be made on the basis of full disclosure of all sources of income, charges, allowances and capital transactions;
- To provide full information necessary for dealing with your tax affairs. We will rely on the information and documents being true, correct and complete and will not audit the information or those documents;
- To authorise us to approach such third parties as may be appropriate for information that we consider necessary to deal with your tax affairs;
- To provide us with information in sufficient time for your tax returns to be completed and submitted by the due date; and
- To provide information on matters affecting your tax liability for the accounting period in respect of which instalments are due at least four weeks before the due date of each instalment. This information should include details of trading profits and other taxable activities up to the date the information is provided, together with estimates to the end of the accounting period.

7.3. You will keep us informed of material changes in circumstances that could affect your tax liabilities. If you are unsure whether the change is material or not please let us know so that we can assess its significance.

7.4. You will forward to us copies of IRD statements, notices of assessment, letters and other communications received from IRD in time to enable us to deal with them as may be necessary within the statutory time limits. Although IRD have the authority to communicate with us, it is essential that you let us have copies of any correspondence you receive directly from IRD.

7.5. In case you are running a business, you are responsible for monitoring the monthly turnover to establish whether your business is liable to register for GST, if it is not already registered. We will not be responsible if we are not notified in time and a late registration penalty is incurred.

8. FEES

8.1. Our fees will be charged in accordance with our Schedule of fees, Fee quotes, and Terms and conditions. Please review these to ensure you understand the basis of our charges and payment terms.

8.2. We may review and vary our fees from time to time in our sole discretion. If, based on our review, we have to change your fees, we will provide you a written notice (by post, fax or email) of the revised Schedule of fees and to seek your agreement thereto.

8.3. Annual fee clients are usually required to pay a monthly provisional fee for ongoing services. After completion of your annual accounts and/or income tax returns, your final annual fee will be determined based on actual services provided by us in relation to the year and in accordance with our Schedule of fees, or a newer version of Schedule of fees we may agree from time to time. A fee square up will then be done, with the residual fee charged to you or over payment of the fee refunded to you.

8.4. If an annual or fixed fee client is terminated by either the Client or us prior to all work in relation to a financial year has been done, the fee for that specific year will be calculated at hourly/piecework rates based on services already received by the Client plus costs that should be recovered from the Client. We will also charge you a disengagement fee for preparation and transfer of files to your new accountant and/or yourself.

8.5. Additional and ad hoc works and works subject to hourly rates will be charged immediately after a work is done or, when services are provided across multiple calendar months, monthly. Where we see necessary, we may require deposits or advance payments of fees.

9. GUARANTEE OF PAYMENT OF FEES

9.1. In the case where the Client is a company, the director (directors) who has (have) signed the Authority to act as tax agent agrees (agree) to be the guarantor (guarantors) for the company. If the company defaults on fee payment, the guarantor (guarantors) will be personally or jointly responsible for paying the debts.

9.2. In the case where the Client is a trust, the trustee (trustees) who has (have) signed the Authority to act as tax agent agrees (agree) to be the guarantor (guarantors) for the trust. If the trust defaults on fee payment, the guarantor (guarantors) will be personally or jointly responsible for paying the debts.

- 9.3. Any change to the guarantors should be notified to us in writing and will not be effective until accepted by us in writing.

10. LIMITATION OF LIABILITY

- 10.1. We specifically draw your attention to paragraph 13 of our Terms and conditions which sets out the basis on which we limit our liability to you and to others. You should read this in conjunction with paragraph 14 of our Terms and conditions which excludes our liability to third parties.
- 10.2. The aggregate liability to you and any third party that we have agreed may rely on our work, and whether in contract or otherwise of this firm, its directors, shareholders, employees and agents for any losses in any way connected with any of the services provided to you under the terms of this letter of engagement (and including interest) shall not exceed **three (3)** times of our fees charged in respect of the services provided for the year concerned. In agreeing this figure with you, we have taken into account the nature of the engagement, the availability to us of insurance cover and other options available to you.

Blessed Abacus Ltd
Chartered Accountants
Hamilton

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