

## ENGAGEMENT AND REPRESENTATION LETTER

February 20, 2012

Dear \_\_\_\_\_:

### RE: PERSONAL TAX RETURN ENGAGEMENT

We appreciate the opportunity to work with you and advise you on income tax matters. Canada Revenue Agency ("CRA") imposes penalties upon taxpayers and upon us as tax return preparers for failure to observe due care in reporting on your income tax returns. In order to ensure an understanding of our mutual responsibilities, we ask all clients for whom we prepare tax returns to confirm the following arrangements.

### RESPONSIBILITIES OF HORIZON CHARTERED ACCOUNTANTS

Our responsibilities for the engagement is as follows:

- a) we will prepare your (and if applicable your family's) 2011 personal income tax return based on information that you provide us.
- b) we will prepare your personal income tax return by the April 30<sup>th</sup> filing deadline if your records are sent in on a timely basis.
- c) we will not audit or otherwise verify the data you submit, although we may ask you for clarification of some of the information you provide, therefore, your personal tax returns will include the following statement:

*"Prepared without audit from information supplied by the taxpayer"*

- d) we will compile any business schedules you require based on information you have provided.

CRA may select your return for review. Often they request copies of your receipts and other items they may require for an audit. Any adjustments proposed by CRA are subject to certain rights of appeal. In the event of such tax examinations, we will be available upon request to represent you.

### YOUR RESPONSIBILITIES

As a condition of our accepting this engagement, you understand and agree as follows:

- a) you will provide us with all necessary, complete and accurate information as per our annual letter in order to allow for sufficient time to prepare the return by the April 30<sup>th</sup> filing deadline.

- b) you will be responsible for the final review of the returns to ensure they are complete, accurate and include all necessary information, including any information or documents necessary to ensure that the returns are correct, complete, and fully disclose all sources of income.
- c) you will provide us with copies of any assessment or reassessment correspondence which you receive from the CRA immediately when you receive it. In many cases formal Notice of Objection deadlines apply and if they are not met, your only opportunity to challenge or object to assessments or reassessments will be lost.
- d) you are not aware of any illegal or possibly illegal acts which you have not disclosed to us including all the facts related to those acts.
- e) You understand that you are responsible to ensure that your tax return includes all “slips” such as T5 and T3 slips, etc. to report income earned by you in the year and that the Canada Revenue Agency may assess penalties for failure to report income on these slips.

### **CONFIDENTIALITY**

We will maintain in confidence the information you give to us. Accordingly, your personal information will not be disclosed to individuals outside our firm or used by anyone in our firm other than those who are involved in preparing your tax return and/or providing related services, except:

- with your consent;
- as authorized or required by the *Personal Information Protection Act* (“PIPA”), or other law,
- as authorized or required under the Bylaws and Rules of Professional Conduct of the Institute of Chartered Accountants of B.C., or other applicable professional obligations (see “Practice Inspections” below); or
- as set out below under “Use and Disclosure of Personal Information”

### **PRACTICE INSPECTIONS**

In accordance with our professional obligations under the *Accountants (Chartered) Act* and Bylaws thereunder, our client files must periodically be reviewed by practice inspectors to ensure that we are following applicable professional standards. Reviewers are required to maintain confidentiality of client information.

### **USE AND DISCLOSURE OF PERSONAL INFORMATION**

You will provide the information we need to prepare your personal income tax return. By signing this letter, you consent to our use and disclosure of your personal information as is necessary for the purposes of preparing your personal income tax return, including:

- transferring personal financial information from one family member’s return onto another family member’s return.
- filing your personal income tax return with Canada Revenue Agency; and
- delivering your completed personal income tax return to you or any family member (by mail, courier or email).

**FEES**

Our fee for services will be determined on the basis of time spent on this engagement plus out-of-pocket expenses, administration fees and Rush Fees as described in our Personal Income Tax Return(s) letter.

It is agreed that all invoices rendered for services provided by Horizon Chartered Accountants are due and payable immediately upon presentation. Accounts which are unpaid by the 15<sup>th</sup> day of the month following their presentation are subject to interest at a rate of 1.5% per month (18% per annum) and you agree to pay these interest charges without discussion or dispute.

In the event of outstanding accounts for professional services, we reserve the right to exercise a lien over those records in our possession for which a lien is maintainable, including but not limited to our own work product.

**TAX DEPARTMENT REQUESTS**

Note, each summer the Tax Department sends detailed information requests for previously filed tax returns. It will take our staff time to respond to these inquiries, otherwise your taxes will be re-assessed. We will invoice you separately for our time to deal with these Tax Department inquiries and to respond to them.

**LIMITATION OF LIABILITY**

You understand and agree that the liability of Horizon Chartered Accountants' ("the Firm") including the directors, officers or employees of the Firm to you (and your family) for any claim related to professional services provided pursuant to this engagement letter in either contract, negligent misrepresentation or tort, shall be strictly limited to the lesser of \$5,000 and the amount of any professional liability insurance the Firm may have available at the time such claims are made.

You agree that no claim may be brought against the Firm in contract, negligent misrepresentation or tort more than two years (from the date of the Notice of Assessment) after the services were completed or terminated under this engagement.

You agree to indemnify the Firm, including its directors, officers or employees from any civil penalties arising from this engagement including those applicable under the Income Tax Act.

**CONTINUING EFFECT**

The arrangements outlined in this letter will continue in effect from year to year unless changed by mutual agreement.

If you have any questions about the contents of this letter, please raise them with us. If the services outlined are in accordance with your requirements and if the above terms are acceptable to You, please sign a copy of this letter in the space provided and return it to us prior to our commencement of preparing your personal tax returns.

**FOREIGN PROPERTY DECLARATION – (You MUST check a box in this section)**

