

TERMS OF ENGAGEMENT

The purpose of this document is to confirm our understanding of the terms of our engagement and the nature and limitations of the services we will provide. By continuing to use our services after having been provided with a copy of this document, you will be taken to have agreed with these arrangements.

As your Accountant and Tax Agent, KMT Consulting will (where applicable):

- Prepare and lodge your personal income tax returns.
- Prepare, lodge and/or provide assistance with Business Activity Statements and related matters if required.
- Liaise on your behalf with the Australian Taxation Office as the need arises.
- Provide taxation and business advice as required from time to time.

You will be responsible for:

- Recording and providing a summary of all relevant transactions.
- Providing reasonable access to other relevant information and documents.
- Responding to queries to assist in the timely and accurate completion of work.

Please note that where financial reports are prepared on your behalf, the quality of the information contained in those reports will depend upon the reliability, accuracy and completeness of the information that you provide. By engaging this firm, you agree to disclose all material and relevant information, and accept responsibility for the completeness and accuracy of the underlying accounting records and other information from which the financial reports and income tax returns are compiled. KMT Consulting has NOT been engaged as auditor and we will therefore not be expressing an audit opinion on any financial reports. Unless otherwise stated, any financial reports produced by us are for your information only, and/or to facilitate the completion and lodgement of income tax returns. They may not be suitable, nor should they be relied upon, for any other purpose.

Professional Fees and Payments

All fees are based on the time and degree of professional skill required to competently perform the engagement, plus any disbursements or expenses incurred on your behalf. Fees will be billed on completion of each engagement (or, for larger engagements, as work progresses). Where work is undertaken for an entity with which you are associated or over which you have control (for example, as a proprietor, director, partner or trustee), you agree to be personally liable for any fees billed to, or in connection with, that entity.

Should an estimate of fees be provided from time to time, please be aware that these are only estimates and actual fees may vary therefrom. The actual fees may be affected by unforeseen problems or delays, the cooperation of third parties and/or deficiencies in documentation. If the actual fees are likely to be significantly higher than originally estimated, you will be informed of the revised estimate as soon as possible and the reasons for the likely increase.

Unless otherwise agreed, payment should be made immediately on receipt of each tax invoice.

Your Taxation Rights and Responsibilities

It is important to remember that you are primarily responsible for the information included in your income tax returns or other statutory returns we may lodge on your behalf. The details you provide must be complete and accurate in all material respects. In particular, you must disclose income from all relevant sources. For Australian residents, this means income from Australian **and** foreign sources,

including capital gains. You should also retain documentary evidence to support all expense claims. For non-business taxpayers, the Tax Office compares the value and type of expense claims with other taxpayers in similar occupational groups. Where these are found to be outside the normal range, you may be required to provide substantiation of all such expense claims.

The tax laws specifically require a taxpayer that carries on a business to keep records of all the transactions entered into. This includes all the documents that explain how the income and expenditure of the business was determined. The Taxation Office is authorised to request substantiation of these amounts. Documents should be retained for at least five years from the date of lodgement. Because of its concerns about the possible under-reporting of taxable income, the Tax Office has developed a program of “benchmarking” standardised revenue and expense relationships for a wide range of businesses, particularly in industries such as Building and Construction, Cleaning, Couriers, Taxi Services, and in what it calls the “cash economy” (for example, small retail shops, restaurants, cafés, hairdressers, etc). In circumstances where an income tax return contains information which is outside these benchmarks, the Tax Office may assess income tax and/or GST in accordance with its benchmark and then put the taxpayer to the task of disproving that assessment. Where that occurs, the taxpayer can be put to a great deal of cost, time and effort in disputing the assessment.

In view of the foregoing, all clients are urged to have a robust and reliable system for accurately recording and reporting all relevant transactions. If you require help in setting up or reviewing your recording and reporting systems, we will be happy to assist.

Under Australia’s “self-assessment” system of taxation, your income tax returns are generally processed without adjustment. However, providing (or, withholding) information which leads to the lodgement of an incorrect tax return may lead to additional tax, penalties and/or interest being imposed. In cases which involve recklessness or fraud, prosecution and criminal conviction may result. KMT Consulting is entitled to rely on the information you provide, and cannot take responsibility for inadequate records or the failure to provide all necessary details.

The *Tax Agent Services Act (TASA)* and complementary amendments to the applicable *Taxation Administration Legislation* provide statutory protections for taxpayers who engage registered tax agents. In particular, tax agents are bound by a statutory Code of Conduct which is administered by the national Tax Practitioners Board. That Code requires us, amongst other things, to act lawfully in your best interests and with honesty and integrity in the performance of our duties.

A particular benefit of the *TASA* legislation is that it includes “safe harbour” provisions which can result in a taxpayer being exempt from penalties in certain circumstances when an incorrect tax return has been lodged.

However, those provisions will only apply when:

- the tax agent has been advised of ALL relevant details,
- those details are complete and accurate, and
- the information has been provided in sufficient time to enable lodgement by the due date.

You have the right to object to a tax assessment, or to appeal against an adverse decision by the Tax Commissioner. The ability to exercise these rights is usually subject to time limitations. Should you be uncertain as to the correct tax treatment of a matter, you also have the right to apply for a private ruling from the Commissioner. Your application must provide a description of all the facts that are relevant to your circumstances. If there is any material difference between the facts set out in the ruling and what you actually do, then you will not be able to rely on the ruling.

Taxation Advice

Should you require our advice with a specific taxation or other matter, please be aware that any such advice is simply the expression of a professional opinion. Such advice will be in accordance with our understanding of the relevant legislation and case law at the time the opinion is provided. The relevance and accuracy of our advice will of course depend on the completeness of the information you provide, together with our knowledge of your circumstances.

Documents

This engagement will result in the production of taxation returns and/or financial reports. Ownership of these documents will vest in you. Other documents brought into existence by us (for example, working papers, file notes and calculation schedules) will remain the property of KMT Consulting. Original source documents provided to us will remain your property and will be returned to you on completion of each engagement. However, we reserve the right to make a reasonable number of copies for our records.

Electronic Communications

Wherever possible, our primary means of sending you written communications and other documents will be via email.

Communications sent via email without encryption can be intercepted and may be read by a third party. No warranty is made that any email or other material sent by us via email is free from computer virus or other defect. Other potential risks include non-delivery or failure to read an email in a timely manner. In this regard, and provided we have taken all due care, you agree that we have no responsibility for any loss or damage caused by communicating via email with you or on your behalf or in accordance with your instructions. You also agree to advise us in a timely manner if you change your email address.

PLEASE NOTE: If you provide us with an email address that is shared with another person, you thereby acknowledge that email communications from us may be accessed by that other person and agree that KMT Consulting will have no responsibility for any use or disclosure by that other person of any information which may be contained therein. FURTHERMORE, should we receive any instructions from such a shared email address which could reasonably be taken to have originated from you, we will act in accordance therewith and you agree that we have no responsibility for any loss or damage caused as a result of so doing.

Your email address (or other contact details) will NEVER be provided to any third-party without your authorisation.

Professional Standards

KMT Consulting aims to provide the highest level of professional service and to act in the best interests of clients at all times. Any information acquired by us in the course of performing client work will be treated as strictly confidential. It will not be disclosed to other parties unless required by law, or with your express consent.

As a member of both CPA Australia and Chartered Accountants ANZ, I am bound by their professional standards and am subject to periodic quality assurance reviews. Unless you advise otherwise, by engaging this firm you are consenting to your files being part of such a quality review (should the reviewer choose to include them). These reviews are subject to the same strict confidentiality requirements that apply to this practice. They focus only on the quality of standards, policies and procedures adopted by the firm. The specific taxation or other circumstances of each client are NOT under review.

As a registered tax agent, I am also subject to the requirements of the Tax Practitioners Board and the legislation governing the conduct and practice of tax agents. Should you feel that you have not received the service level expected or you have an issue to raise, please contact me to discuss your concerns. If you believe that your concerns cannot be properly addressed in this manner, you may contact CPA Australia, Chartered Accountants ANZ and / or the Tax Practitioners Board.

Agreement

Please retain this document for your reference. Your continued engagement of our services will indicate that you understand and accept these arrangements and your responsibilities in connection therewith. This information will be effective for future engagements unless we advise you of any change. If you have any questions in relation to any of these matters, please do not hesitate to contact us.

- Tony Kernan CPA / CA