

## Taxation & Accounting Services Engagement

The terms of the engagement must be read together with our engagement Covering Letter, which details the Scope of Work and who is covered by the engagement and Trading Terms.

### Part A Scope of Work

The work we will do for you is detailed on our Covering Letter.

### Part B Our obligations

In providing our services we are subject to:

- the rules and by-laws of any professional association of which we are a member; and
- the Code of Professional Conduct ('Code') contained in Part 3 of the Tax Agent Services Act 2009.

#### About the Code of Professional Conduct

The Code applies to all Tax Agents and requires:

- Honesty and Integrity
- Independence
- Confidentiality
- Competence

- Responsibility for various tax related issues set out in the Code.

#### Our compliance with the Code

We will:

- assist you to comply with taxation laws
- act lawfully in your best interests
- avoid engagements which conflict with your interests without your consent
- maintain confidences and not disclose confidential information without your authorisation

- provide accounting and taxation services competently
- advise you of tax obligations on your request, and
- lodge your tax return and other documents in a timely manner if you have given us all necessary information in the time frames stipulated.

#### Reliance on your records

We will rely on the records and information you provide to us. We will not carry out an audit of your records or a review of your source documents to determine whether you comply with taxation laws but we will exercise professional skill and judgment to bring obvious discrepancies to your attention.

### Part C Your obligations

You must:

- provide us with all relevant information we request to enable us to complete work for you

- provide records and information in the time frames stipulated
- answer our queries promptly, and

- comply with our trading terms.

### Part D About Australian taxation

Under Australian law a taxpayer is primarily responsible for their tax compliance, even where they engage a professional to assist them. This guide summarises some key issues. For detailed information, ask us or see the further resources listed below.

Under the ATO's Taxpayers' Charter you are expected to:

- act honestly
- supply complete, accurate information for tax returns
- keep proper records for generally 5 years
- take care in complying with tax obligations
- promptly lodge documents with the ATO
- pay tax on time or arrange a payment plan
- cooperate with the ATO where necessary.

#### The self assessment system

- Your tax bill is based on your own self assessment. You must correctly apply the law and assess your liability, with our assistance.
- ATO normally accepts self assessments at face value and issues tax bills speedily, based on them. For companies and superannuation funds, assessment is deemed to be made when the tax return is lodged.
- ATO relies on audits and other processes to verify selected self assessments.
- Penalties may apply if errors are detected – depending on the nature of the error. Penalties

can be lower for accidental and smaller mistakes and higher for intentional and larger ones.

- In serious cases of fraud or evasion ATO may prosecute and seek a conviction, fine or prison sentence.
- Underpayment and late payment attracts penalty interest.
- Tax return mistakes should be voluntarily disclosed to ATO, so there may be significant reductions in penalties.
- ATO may amend assessments, but time limits apply.

#### Audit Shield

- MDB's Audit Shield Service provides for the payment of the professional fees incurred as a result of you being selected for an audit, review or investigation by the ATO or other Government body. The Audit Shield Service provides a fixed fee to guard against these unbudgeted costs
- Audit Shield does not cover fines, penalties, interest or adjustments from Government Authorities.
- Please advise our office if you would like further information relating to the Audit Shield available

#### Record keeping rules for business taxpayers

- You are required to keep all records relevant to determining your income and expenditure, tax-related activities and transactions, and taxation choices, elections, determinations or estimates.
- Records may be kept electronically

- Generally records should be kept for 5 years from the later of (a) date that the records were prepared or obtained or (b) date the transaction they relate to was completed.

#### Rules for substantiation of deductible expenses

- Rules apply to individuals and partnerships with at least one individual partner.
- Work expenses, car expenses and business travel expenses must be substantiated by written evidence before deduction can be claimed.

#### Public and Private Rulings

- A Taxpayer can rely on legally binding public written advice or Public Rulings from ATO. It may relate to entities generally or a specified class.
- A Taxpayer can submit an application for private written advice or Private Ruling from ATO to determine how the tax law applies to a particular taxpayer and situation.

#### Objecting to tax decisions and Appeals

- A taxpayer may object to some ATO decisions and have them reviewed however time limits do apply.
- A taxpayer also has rights to appeal against an unfavourable objection decision

#### Online resources

You will find useful information about tax matters generally, and record keeping and substantiation requirements, at [www.ato.gov.au](http://www.ato.gov.au) on the Internet.

### Part E Authorities

#### Information disclosure

We may disclose information as required by law, and to:

- your Associates (taxpayers or entities connected with you)

- banks and financial institutions that provide services to you and your Associates
- your solicitors and other professional advisers
- to persons conducting quality assurance reviews on us.

#### Other Authorities

You authorise us to engage contractors where we deem it appropriate in order for us to fulfill our obligations.

#### Revoking authorities

You may revoke these authorities by written notice to us.

## Part F Trading Terms

6. Engagement  
Our engagement is strictly limited to:
  - the Scope of Work in A, and
  - any additional services we confirm in writing.
7. Other Parts included  
Our engagement includes A to F (inclusive), and each of us must comply with our respective responsibilities under them.
8. Acceptance  
We request that you sign a copy of our terms for our records
9. Period of engagement  
Our engagement continues until you or we terminate it on 7 days written notice.
10. Previous engagements superseded  
This engagement supersedes any previous engagement between you and us with respect to the services it covers.
11. Our fees
  - 11.1. Fixed fee  
If we state a fixed fee for certain work, that will be the fee for it.
  - 11.2. Time billing  
Otherwise, our fees will be based on the time our staff spend on your work, their seniority and billing rates.
  - 11.3. Current rates  
Our current rates are available on our web site at [www.mdbco.com.au](http://www.mdbco.com.au)  
Changing billing rates  
We may change our rates (a) from 1 July each year – by posting the new rates on our web site 7 days prior or (b) on 7 days notice to you.
  - 11.4. Estimates
    - On request we will supply an estimate for specified work in a specified period.
    - An estimate is not binding but we will update it if it is likely to be materially exceeded.
12. Incidental out-of-pockets  
We may invoice you at cost for courier fees, company search fees, local travel and other incidental out-of-pocket expenses we reasonably incur in providing services to you.
13. Other expenses  
We may invoice you for any other expense we incur on your behalf.
14. Advances
  - We may ask for advances on account of fees.
  - We may suspend service while a request for an advance is outstanding.
15. GST  
If our rates are stated to exclude GST, we may add any applicable GST to our invoice. Otherwise, our fees include any applicable GST.
16. Invoicing
  - We may invoice whenever fees or other charges have accrued but normally do so monthly.
  - Within 30 days after our engagement terminates for any reason we may deliver a final invoice.
17. Payment  
You must pay each invoice by its due date.  
If you are on a fixed monthly fee arrangement, the banking details for electronic payment are:  
Acc Name: MDB Taxation & Business Advisors  
BSB: 083-153  
Acc No.: 94-734-2863
18. Non-payment or other breach  
If an invoice is overdue or you are otherwise in breach of these terms:
  - We may suspend work, on notice to you.
  - We may charge interest on overdue amounts at the Reserve Bank of Australia's cash rate target on the invoice date, plus two percentage points.
19. Changing these terms  
We may vary these terms, but not clause 4, on 14 days notice to you.
20. Reliance on documents
  - 20.1. Use of documents  
Documents we prepare are for the use of:
    - you
    - any statutory body they are to be lodged with
    - any other person we confirm in writing.
  - 20.2. No other reliance  
You must not let anyone else rely on such documents for any purpose.
21. Ownership of documents
  - 21.1. Your documents  
You will own 'client documents' i.e.:
    - any document you supply to us
    - the final form of any document specified in the Scope of Work.  
We may retain copies of these.
  - 21.2. Our documents  
We will own all other documents including drafts, working papers, notes and correspondence.
  - 21.3. Lien
    - We claim a lien, in respect of our fees, over client documents in our possession.
    - Our policy is to retain such client documents until our fees have been paid in full.
    - Disputes over lien claims will be dealt with under clause 20.
22. Communication  
We may send you any notice or document:
  - by email, SMS, a link to a web page or other electronic means, or
  - in any way permitted by law.
23. Provision of cloud-based Service  
Where the firm provides accounting software in the cloud, this will be provided by a third party (the 'Cloud Supplier'). The third party is responsible for Confidentiality, Internet Communication, Data Protection Act and General Limitation of Liability.  
The service provided by the Supplier will be a discrete web based hosted facility, and you agree that access will also be provide to the firm and the third party.  
The firm cannot be held liable for any interruption of the service provided by the Cloud Supplier.  
However, we liaise with them to help ensure that normal service is resumed as soon as possible.
24. Who is covered by this engagement
  - 24.1. This engagement extends to each taxpayer listed on the Cover Letter
  - 24.2. By asking us to perform work for the taxpayer/s, you:
    - warrant that you have authority to engage us for each taxpayer
    - engage us for each taxpayer, and
    - agree to indemnify us against any taxpayer's breach of these terms including failure to pay fees.
  - 24.3. All listed taxpayers and their directors are jointly and severally liable for payment of our fees under this engagement.
25. Director indemnity  
By requesting us to perform work for a company you are a director or shareholder of, you agree to indemnify us against the company's breach of these terms including failure to pay fees.
26. Disputes  
Any dispute or difference arising out of or in connection with our engagement shall be submitted (a) to mediation in accordance with, and subject to, The Institute of Arbitrators & Mediators Australia ('IAMA') Mediation and Conciliation Rules and if that fails to resolve the dispute or difference within 8 weeks (b) to arbitration in accordance with, and subject to, the IAMA Expedited Commercial Arbitration Rules. For disputes in which the quantum is less than \$10,000 arbitration shall take place using the submission of documents alone unless both parties agree otherwise.
27. Definitions
  - ATO is Australian Taxation Office
  - All expressions that are defined in our Trading Terms have the same meaning throughout our engagement documents.

- 'Associates' means other entities connected with you as defined in section 318 of the Income Tax Assessment Act 1936.
- 'Document' includes any account, return, report or other document in paper or digital format.
- 'Including' means 'including but not limited to'.

#### 28. Professional Standards Scheme- Limitations of Liability

- The Accountant is a practicing member of the IPA and is covered under the IPA Professional Standards Scheme (Scheme). Under the Scheme, any civil liability of the Accountant (including its employees, directors and partners) for damages arising out the provision of the service will be limited to \$2,000,000.
- A copy of the IPA Scheme is available on IPA website  
<https://www.publicaccountants.org.au/membership/ppc/professional-standards-scheme>.
- Should for any reason, the releases indemnities and limitation of liability not be held to be applicable, the liability of the Accountant or any of its directors, agents or employees, howsoever arising, that it in anyway relates to the provision of the services done in the connection with this Agreement, whether under the law of contract, tort, the Australian Consumer Law or otherwise, shall be limited to the amount of insurance available to the Accountant pursuant to the minimum insurance standards prescribed by IPA limited pursuant to the Scheme.