

APPENDIX III ANNEX D [Source: ACCA technical factsheet 64]

EXAMPLE - A TAX CONSULTANCY ENGAGEMENT LETTER (INCLUDING A TAX INVESTIGATION)

This letter must be tailored to meet specific circumstances. Where this is a separate engagement for an existing client, reference can be made to the original engagement letter in relation to the terms.

Dear [complete]

Tax Consultancy (Including a Tax Investigation): Terms of Engagement

1 INTRODUCTION

1.1 This letter sets out the basis on which we are to act for you in relation to [complete].

SCOPE

2 OUR SERVICE TO YOU

2.1 [Either]

We will prepare a report on the matters in relation to which you have instructed us.

[or]

[We will carry out such work as we consider necessary in order to put ourselves in a position to provide a full and accurate response to the matters under enquiry.]

[We will conduct a detailed investigation of your affairs so that we are in a position to prepare a report for the Inland Revenue setting out your financial affairs. This will include the preparation of capital statements and the reconciliation of your assets and liabilities.]

3 YOUR RESPONSIBILITIES: PROVISION OF INFORMATION BY YOU

3.1 [Either]

You agree to give us access to full information about your tax affairs and the matters on which you have asked us to advise you.

[or]

To enable us to carry out our work you agree to provide us with full and accurate information regarding the matters under [enquiry/investigation]. In particular you agree that our work is to be carried out on the basis of full disclosure of relevant matters.

3.2 You agree that we can approach third parties as may be appropriate for information that we consider necessary to deal with your affairs.

TERMS

4 Professional Rules and Practice Guidelines

4.1 We will observe the ethical guidelines of the **ICAJ** and accept instructions to act for you on the basis that we will act in accordance with those guidelines. In particular you give us authority to correct Inland Revenue errors. A copy of these guidelines is available for your inspection in our offices.

5 Commissions or Other Benefits

The attention of practitioners is drawn to the Rules of Professional Conduct and the disclosure requirements of the relevant investment business regulations, if applicable.

5.1 In some circumstances, commissions or other benefits may become payable to us [or to one of our associates] in respect of transactions which we [or such associates] arrange for you, in which case you will be notified in writing of the amount and terms of payment. The fees that would otherwise be payable by you as described will [not] take into account the benefit to us of such amounts. You consent to such commission or other benefits being retained by us [or, as the case may be, by our associates,] without our [or their] being liable to account to you for any such amounts.

6 CLIENT MONIES

6.1 We may, from time to time, hold money on your behalf. Such money will be held in trust in a client bank account, which is segregated from the firm's funds.

7 RETENTION OF RECORDS

7.1 During the course of our work we will collect information from you and others acting on your behalf and will return any original documents to you at the conclusion of the engagement/enquiry]. You should retain them for [...] years from [31 January following the end of the tax year] [for [...] years from the end of the relevant accounting period][at least until the Inland Revenue issue a closure notice]. [This period may be extended if the Inland Revenue enquire into your tax return.] [Practitioners who retain records on behalf of clients will need to amend this paragraph.]

7.2 Though certain documents may legally belong to you, we intend to destroy correspondence and other papers that we store which are more than seven years old, other than documents which we consider to be of continuing significance. You must tell us if you require retention of a particular document.

8 REGULATORY REQUIREMENTS

8.1 We reserve the right to disclose our files to regulatory bodies in the exercise of their powers. [Adapt as necessary and for firms who voluntarily undergo external peer review.]

9 QUALITY OF SERVICE

9.1 We aim to provide a high quality of service at all times. If you would like to discuss with us how our service could be improved or if you are dissatisfied with the service you are receiving please let us know by contacting [insert name].

9.2 We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. If we do not answer your complaint to your satisfaction you may take up the matter with the PAB/ICAJ.

10 FEES

This is an example only – if fees are calculated on any other basis, for example a fixed amount or contingency fee, then different wording should be substituted.

10.1 Our charges are computed on the basis of fees for the time spent on your affairs (which depend on the levels of skill and responsibility involved) and disbursements incurred in connection with the engagement. [If work is required which is outside the scope of this letter, for example dealing with Inland Revenue enquiries into the tax return, then this will be a separate engagement for which additional fees will be chargeable.]

We will issue invoices at [monthly/quarterly/ six-monthly] intervals during the course of the year. We will add GCT, if applicable, at the current rate.

10.2 Our invoices are payable on presentation. We reserve the right to charge interest at [...]% per [month/year] [over base rate] in the case of overdue accounts. We may terminate our engagement and cease acting if payment of any fees billed is unduly delayed. However, it is not our intention to use these arrangements in a way which is unfair or unreasonable.

11 LIMITATION OF LIABILITY

Practitioners who wish to include provisions intended to limit their liability in the event of a claim by a client are strongly advised to take legal advice on this complex matter.

11.1 The advice which we give to you is for your sole use and does not constitute advice to any third party to whom you may communicate it.

11.2 We will provide the professional services outlined in this letter with reasonable care and skill. However, we will not be responsible for any losses, penalties, surcharges, interest or additional tax liabilities arising from the supply by you or others of incorrect or incomplete information, or from the failure by you or others to supply any appropriate information or your failure to act on our advice or respond promptly to communications from us or the tax authorities.

11.3 E-mail may be used to enable us to communicate with you. As with any other means of delivery this carries with it the risk of inadvertent misdirection or non-delivery. It is the responsibility of the recipient to carry out a virus check on any attachments received.

12 ELECTRONIC COMMUNICATIONS

12.1 As Internet communications are capable of data corruption we do not accept any responsibility for changes made to such communications after their despatch. For this reason it may be inappropriate to rely on advice contained in an e-mail without obtaining written confirmation of it. All risks connected with sending commercially sensitive information relating to your business are borne by you and are not our responsibility. If you do not accept this risk, you should notify us in writing that e-mail is not an acceptable means of communication.

13 APPLICABLE LAW

13.1 This engagement letter is governed by, and construed in accordance with, [English] [amend as appropriate] law. The Courts of [England] will have exclusive jurisdiction in relation to any claim, dispute or difference concerning this engagement letter and any matter arising from it. Each party irrevocably waives any right it may have to object to any action being brought in those courts, to claim that the action has been brought in an inappropriate forum, or to claim that those courts do not have jurisdiction.

16 AGREEMENT OF TERMS

16.1 This letter supersedes any previous engagement letter for services and the period covered. Once agreed, this letter will remain effective from the date of signature until it is replaced. You or we may vary or terminate our authority to act on your behalf at any time without penalty. Notice of variation or termination must be given in writing.

16.2 We should be grateful if you would confirm your agreement to the terms of this letter by signing and returning the enclosed copy.

16.3 If this letter is not in accordance with your understanding of the scope of our engagement, please let us know.

Yours [complete]

[I/We] acknowledge receipt of your above letter dated [complete] which fully records the agreement between us relating to your appointment to carry out the work described in it.

Signed Date

[Name]/For and on behalf of [company/partnership]