Client Engagement Terms

2 June 2025

Thank you for your instructions to attend to the accounting and taxation requirements of your group. This letter sets out our terms of engagement and the scope of the work to be performed by us within that engagement and supersedes any previous engagement letter we provided. A list of the individuals and entities on whose behalf our firm will act (**the Group**) is set out in the accompanying *Schedule of Clients*.

The provision of tax agent services is governed by the *Tax Agent Services Act 2009* (**TASA**) and the accompanying regulations. Registered tax practitioners must comply with the requirements of the TASA. This includes a statutory Code of Professional Conduct which comprises ethical and professional standards that must be observed by registered tax practitioners.

The Tax Practitioners Board (TPB) is responsible for the registration and regulation of tax practitioners and ensuring their compliance with the TASA. As part of this role, the TPB maintains a register of registered, suspended and deregistered tax practitioners that enables the public to ensure they are engaging the services of a qualified professional. To check that we are registered with the TPB, search the **TPB Register** at www.tpb.gov.au/public-register using either of the following details:

- *S&N One World Enterprises Pty Ltd*
- *19626007*

In addition, under the taxation laws, taxpayers who engage registered tax agents are provided a "safe harbour" from certain penalties that may be imposed by the Australian Taxation Office (ATO). To qualify for safe harbour protection, taxpayers must provide their tax agent with "all relevant taxation information" to enable accurate statements to be provided to the ATO. This requirement may be important to both parties in identifying and understanding the purpose and scope of the engagement and may also affect other matters discussed below. You will find further discussion on the safe harbour protections in the accompanying document entitled ***Clients' rights and obligations under the taxation laws***.

We recommend you read this letter carefully and contact our office if you have any queries or wish to discuss any aspect of it. If the terms of our engagement are acceptable, we ask that you sign the enclosed copy of this letter where indicated and return it to our office.

1. Purpose and scope of engagement

Our engagement is to attend to the following matters for the Group, as applicable:

- Prepare and lodge Business Activity Statements (BASs).
- Prepare annual financial statements.
- Prepare and lodge annual income tax returns.
- Prepare and lodge annual FBT returns.
- Lodge Single Touch Payroll reports.
- Prepare and lodge annual returns for your self-managed superannuation fund.

Unless otherwise agreed, we will prepare the returns and statements on an ongoing basis, commencing with the returns and statements for the period following the period for which they were last finalised.

Each client in the Group engages us on the terms set out in this letter and is bound by those terms. Each Group client is jointly and severally liable to pay our accounts, regardless of which Group client the accounts are addressed to, and which Group client received the benefit of the work performed.

If we are asked to act for a new or additional client of the Group, we may issue an updated *Schedule of Clients* which each existing Group client agrees will apply in place of any previous schedule. We will also require the new Group client to sign an acknowledgement of these terms of engagement.

Our services will be provided to you on a fee for service basis.

This letter relates only to the abovementioned services and details the basis and terms of this engagement. Unless otherwise agreed, our engagement will be limited to the matters described in this letter. Work that is performed or disbursements that are incurred outside the scope of this letter will be the subject of additional charge.

Our engagement commences as soon as you return this letter, and it has been signed by you.

In addition to any other rights you might have, you can terminate this engagement at any time by telling us in writing. We also reserve the right to do so by providing you with 14 days' written notice. If either party terminates this engagement, the provisions of clause 2.5 of this letter will apply.

2. Basis and terms of engagement

Our engagement is to assist with the preparation of the financial accounts and the preparation and lodgement of the taxation returns for your Group. This includes the non-trading individual clients in your family (**Individuals**), as well as your trading entities (including individuals, corporate entities, partnerships, trustees and self-managed superannuation entities) (**Entities**).

2.1 Accounting and record-keeping

In undertaking this engagement, you must ensure the following (where applicable):

- The bookkeeping and record-keeping tasks for all Entities is maintained on a regular basis. We recommend these tasks be attended to each week.
- Reconciliations for the bank accounts, debtors and creditors are performed at the end of each month for each of the Entities.
- That the trial balance of each of the Entities be completed each year.

In respect of the personal tax returns for Individuals, we require that all relevant information be collated and forwarded to our office at the same time as you request us to prepare your business and superannuation work each year. We shall detail more specific requirements in respect of the Individual tax returns later in this letter.

2.2 Taxation services

In engaging us to provide taxation services, it is important for you to understand the following:

- You are responsible for the accuracy and completeness of the particulars and information provided to us by you.
- Any advice we provide is only an opinion based on our knowledge of your particular circumstances.
- You have obligations under the self-assessment regime to keep full and proper records in order to facilitate the preparation of accurate returns.
- We cannot provide taxation services if we find that information on which those services are to be based includes false or misleading information, or material information is omitted, and you are not prepared to appropriately amend it to provide us with correct and complete information.

Before we lodge any returns on your behalf, we will forward the documents to you for approval. We will endeavour to ensure that the returns are lodged by the due dates and will advise you at the beginning of the financial year when documentation should be provided to us.

If you are late in providing information, we will do our best to meet the time limits, but we will not be responsible for any late lodgement penalties or interest charges you may incur.

2.3 Compilation of financial statements

By engaging us to compile financial statements, you acknowledge that:

- the reliability, accuracy and completeness of the accounting records are your responsibility; and
- you have disclosed to us all material and relevant information.

You and your employees are responsible for the maintenance of the accounting systems and internal controls for all the Entities. That includes the keeping and maintenance of all required books of account. Our firm cannot be relied upon to disclose irregularities, such as fraud, and other illegal acts and errors that may occur with regard to such matters.

Our firm is not being engaged to conduct a statutory audit of the financial records of any of your Entities and we will not express an auditor's opinion as to the truth and fairness of the financial statements.

2.4 Obligation to correct false or misleading statements

We are prohibited by law from making a statement to the ATO, the TPB or another Australian government agency that we know or ought reasonably to know is false, incorrect, or misleading in a material particular, or omits any matter or thing without which the statement is misleading in a material respect.

We are also prohibited from preparing such a statement that we know or ought reasonably to know is likely to be made to the ATO, the TPB or another Australian government agency, or from permitting or directing someone else to make or prepare such a statement.

If we subsequently become aware that a statement we prepared and that was given to the ATO, the TPB or another Australian government agency was false, incorrect or misleading in a material particular at the time it was made, or that it omitted some matter or thing without which it is misleading in a material respect, we are required to take reasonable steps to correct the statement as soon as possible.

Where we prepared the statement (or permitted or directed someone else to prepare the statement) on your behalf or on behalf of a client in your Group, we are required to advise you or the Group client that the statement should be corrected.

If you or your Group client do not correct the statement that we prepared or provide consent for us to correct the statement within a reasonable time, we are required under the TASA to notify the TPB, the ATO or other Australian government body (whichever is applicable) that the statement is misleading in a material particular or that it omitted some matter or thing without which the statement is misleading in a material respect.

2.5 Ownership of documents

The financial statements, tax returns and any other documents which we are specifically engaged to prepare, together with any original documents given to us by you, shall be your property.

Any other documents brought into existence by us, including records of the tax agent services provided by or on behalf of our firm during this engagement (e.g., documentation of oral and written advice), general working papers, the general ledger and draft documents) will remain our property at all times. In accordance with our statutory obligations under the TASA, we will retain these records for at least five years after the relevant services were provided, even if our engagement is terminated.

2.6 Additional services

The scope of our engagement is the preparation and lodgement of the accounting and taxation matters detailed above. Any agreed fee applies only to services and advice provided within the scope of our engagement. This fee includes checking and forwarding original assessments and payment notices that are received from the ATO and the Australian Securities & Investments Commission (ASIC).

Any additional services or advice that you request are outside the scope of this letter and are not included in this agreed fee. We will separately advise you of the scope and fee for those services, including any direct out of pocket expenses.

Please note in particular that any correspondence from the ATO or ASIC that does not relate to initial assessments or original payment notices.

2.7 Fees and charges

Our services will be provided to you on a fee for service basis.

Unless otherwise stated in writing, any estimates which we provide to you of our anticipated fees, disbursements and charges for any work are only indicative of the amounts you can expect to be charged. Estimates are not quotes or caps and are not binding on us.

Where an estimate is given and the scope of the work changes, or if it becomes apparent that the work involves matters which were not taken into account in the estimate, we will endeavour to advise you and provide an amended estimate as soon as it is practicable to do so.

Each client in the Group is jointly and severally liable to pay our fees in respect of all work performed for all clients in the Group. We may require that payment of our fees be guaranteed by one or more persons who are associated with the Group but are not themselves our clients (for example, company directors). If you fail to provide a required guarantee, we may suspend work or terminate this engagement.

If we suspend work or terminate this engagement by reason of your failure to make a trust deposit or provide a guarantee as required, we will not be liable for any loss or damage suffered by any client in the Group as a result of the suspension or termination.

2.8 Goods and Services Tax (GST) – Professional fees and disbursements

Our professional fees are inclusive of GST. If our services are provided to Individuals or Entities that are registered for GST, then those Individuals or Entities may be able to claim a GST input tax credit for the GST they pay on our services. However, this will not be the case if the services we provide are used by the recipient in making an input taxed supply or otherwise for a non-creditable purpose. In this situation, the GST associated with our professional fees cannot be claimed as an input tax credit.

If your matter involves a mixture of taxable, GST-free and input taxed supplies, we will not apportion our professional fees between these categories of supply unless you have expressly requested us to do so.

Please note that if you make such a request after the commencement of any particular matter, it may not be possible for us to subsequently apportion professional fees that were incurred prior to receiving your request. If you need separate advice on whether you will receive the benefit of a GST input tax credit for the GST paid to us, then please contact us.

2.8.1 Disbursements

In addition to our professional fees, you will be responsible for payment of expenses which we incur on your behalf, together with the GST that we pay in relation to such expenses, as set out below.

All disbursements we on charge, for any and every reason whatsoever (e.g., couriers, searches, photocopying, etc.), the treatment will be the same as for professional fees – i.e., we will incur the costs at first instance and invoice them to you after making allowance for any GST input tax credits received by us on the acquisition. These invoices will include GST for which you may be entitled to claim an input tax credit.

2.9 Confidentiality

We will keep information acquired as a result of this engagement confidential and will not disclose confidential information relating to clients in the Group without permission, unless there is a legal duty to do so. We will also not use any information acquired as a result of this engagement for our own personal advantage or for the advantage of a third party.

We may also need to disclose information relating to one client's affairs to other clients in the Group to assist in performing our work, to persons responsible for the governance of an entity to comply with professional standards, to the relevant parties in order to protect our professional interests in legal proceedings, to a professional or regulatory body in response to an inquiry or investigation, to the relevant parties in order to comply with technical and professional standards (including ethics requirements), or to a professional body of which we are a member, in relation to a quality review program undertaken by that body. Each client in the Group hereby authorises us to do so when we consider it appropriate to further our performance of work for the Group, or when requested by the relevant party.

2.10 Utilising outsourced services

From time to time, our firm may use "outsourced services" (which may include "Cloud Computing") to perform some of the services we are engaged to perform for you.

The list of third party service providers currently used by our firm, to whom client information will or may be disclosed, are as follows:

- *Handisoft, our tax and client management software*
- *Audit insurance company to offer insurances relating to your compliance obligations*
- *ClearDocs we use to prepare companies and trusts*
- *Xero software to which you may already use*

- *WrkrSMSF for superfunds needing an ESA*
- *Lime Actuarial for those clients needing a pension calculation adjustment*

We will notify you of any change to this list from time to time.

Each client in the Group hereby authorises us to disclose information relating to that client's affairs to such third party service providers as we may choose to engage to perform such work.

Where we outsource services to third party providers, we are nevertheless responsible for the conduct and activities of those providers and for the delivery of the services we are engaged to perform for you.

2.11 Use of "Cloud Computing" (that is ***not*** an outsourced service)

From time to time, our firm may utilise "Cloud Computing" in the performance of services under this engagement which is **not** an "outsourced service".

2.12 Non-compliance with Laws and Regulations (NOCLAR)

During the performance of our work under this engagement, we may detect conduct or a transaction that is considered to constitute NOCLAR, which has a material effect on any documents or information that might be required to be provided to a regulatory authority (RA), such as the ATO.

If we detect any NOCLAR, we may have a professional requirement to make a disclosure to a RA. We will follow a formal process which will include advising you of our concerns and, if necessary, seeking legal advice. If we do seek legal advice, we reserve the right to ask you to pay or reimburse us for our reasonable costs.

If we are required to make a disclosure to a RA, you agree to forever release us from any claim for costs or losses you incur in responding to or dealing with anything that arises from our disclosure.

2.13 Losses from unauthorised cyber-activity

We will take all reasonable precautions to ensure that any electronic data that contains your private information is securely stored and that any email transmissions are protected and are not able to be intercepted by third parties. However, we cannot be held liable for any loss that you might incur as a consequence of any third party intervention that accesses, procures or copies any data that contains your private information from any medium or device we use to store or transmit such information.

In the event that, despite our firm having taken reasonable precautions to securely store your private information, you suffer any losses arising from unauthorised cyber-activity, you agree to forever release us from any claim for your losses.

2.14 Complaints

If you have a complaint about our services, we ask that you contact Simon Darley 0468 388 829 the sole director of our office. We will work with you to help resolve your complaint as quickly as possible.

If we cannot resolve the issue or you are not satisfied with how your complaint is being handled by us or with the outcome, you may be able to escalate the matter to the TPB. Complaints to the TPB must be made in writing using its online form, which is available at **myprofile.tpb.gov.au/complaints/**

Not all complaints can be acted on by the TPB. For example, if your complaint is about fees, you will be asked to contact Consumer Affairs or the Office of Fair Trading in your State or Territory. However, the TPB may be able to assist if the fee complaint is associated with inappropriate conduct by our firm.

Further details about making complaints to the TPB are available at **www.tpb.gov.au/complaints**

2.15 Limitation of liability

Our firm's liability may be limited by a scheme approved under Professional Standards legislation and applicable regulations of the Professional Body.

3. Details of services to be provided

We now outline the basis of our engagement in the context of the specific services to be provided.

It should be noted at the outset that, as a general proposition, we rely upon our clients to provide us with accurate and timely information to enable us to properly perform our engagement obligations. Consequently, any rectifying work performed by us on the basis of incorrect or late information will be work which is outside the scope of this engagement and will be charged as additional services.

3.1 BAS returns

As the BAS returns are prepared and lodged during the financial year, it is not possible for this firm to review the correctness of the underlying financial information as part of the preparation of the BAS return. This is because we are engaged to prepare the annual accounts, and these are prepared after the conclusion of the financial year.

Therefore, for the BAS returns, we will rely on and process the financial information provided to us without any review of the primary source documents. In doing that, we will make the following assumptions:

- The financial information provided to us is accurate.
- The financial information correctly states the GST position. For example, all input tax credits and GST payable amounts have been correctly recorded in the general ledger. If you are unsure of the correct position or require advice regarding this, we are able to provide this as work which is outside the scope of this letter and charged as additional services.
- You have the necessary supporting documentation to satisfy the ATO for GST purposes. Again, if you are unsure of the ATO requirements or require advice regarding these documents, we are able to provide this as work which is outside the scope of this letter and charged as additional services.
- You hold valid tax invoices and adjustment notes for all expenditure incurred by you in respect of which an input tax credit is being claimed. Substantial penalties apply for an incorrectly prepared BAS. If you have any queries in respect to this, please contact our office for assistance.

However, it is possible that when the financial accounts are prepared, some discrepancies will exist between the information disclosed in the BAS returns and in the annual financial statements. Should any discrepancies arise, we will discuss the need to correct the BAS returns and/or financial accounts. This will involve work which is outside the scope of this engagement and will be charged as additional services.

3.2 Financial accounts

Our firm has been engaged to prepare the annual financial accounts of the Entities in your Group. This service includes the preparation of:

- a profit and loss statement;
- a balance sheet; and
- notes for the above accounts.

This service includes maintenance of the chart of accounts for the general ledgers of your Entities, and telephone support should you require any assistance as to how to record specific transactions in the general ledger. This service does not include the preparation of one-off accounts for presentation to your financiers for additional finance and the like.

3.3 Income tax returns

Our firm has been engaged to prepare and lodge income tax returns for your Group.

However, we will not be responsible for reviewing or verifying any financial records or statements provided to us, either via manual cashbooks or prepared on accounting software such as MYOB or Quickbooks. Correct coding or classification of accounts is outside the scope of this engagement. If assistance is required on how to correctly code, or to review how you currently do so, please discuss this with us. This will entail work which is outside the scope of this engagement and will be charged as additional services.

Also please ensure that you have all source documentation available to allow our firm to analyse the income tax implications of any transaction, if we request to see it. Whilst we will not as a matter of course be looking at these documents, the ATO will expect you (and you are required) to have them available before any claim is made in your income tax return. We may in some circumstances also request to see source documents if a tax issue is particularly contentious.

It is also expected that, in respect of individual income tax returns, each person will have the necessary documents so as to comply with the substantiation provisions of the *Income Tax Assessment Act 1997*. We will specifically advise as to the requirements of the substantiation provisions relating to your income tax return and of the necessity to obtain acceptable receipts as required by the legislation.

We will not, however, be checking that the requirements of the substantiation provisions have been satisfied. This means that we will not be reviewing your log book or any calculations or information you provide us with, such as a rental property schedule either prepared by you on a spreadsheet or by a property manager. If you require assistance in completing a log book or preparing any calculations, or you would like us to review such work, please discuss this with us. This will entail work which is outside the scope of this engagement and will be charged as additional services.

From time to time, this firm prepares templates and schedules to assist with the collation of information to complete income tax returns. These will be provided free of charge.

The fee for this service does not cover any inquiries made to us, or investigations involving us, conducted by the ATO. Substantial penalties apply for an incorrectly prepared income tax return. If you have any queries in respect to this, please contact our office for assistance.

Each client in the Group agrees that we can bank into our trust account, tax refund amounts received on their behalf and that we can deduct from those amounts any fees owed to us either by that client or by any other client in the Group.

3.4 Fringe Benefits Tax (FBT) returns

Our firm has been engaged to prepare and lodge the FBT returns for your Entities. Please note that, because of the impact of GST, it is not possible to prepare an FBT return from the information contained in the general ledger. It is necessary to revert to the source documentation to allow our firm to analyse the FBT implications of any transaction.

Our fee for this service includes the following:

- Advice on how to collate the information necessary to prepare the annual FBT return.
- An annual review of the methods available to reduce the FBT expense on the annual FBT return.
- Telephone advice on basic FBT issues.
- The calculation of Reportable Fringe Benefits Amounts that may be required to be included on the annual income statements or payment summaries for your employees (including family members employed in the business of any Entity).

3.5 Single Touch Payroll (STP) reports

We will assist and where directed or required prepare and STP reports with the ATO for the Group, based on the information provided to us by you, your employees or any third party authorised by you, without reviewing or verifying the payroll calculations, any relevant wage rates or the source documents relied upon to process each STP pay event.

We will only provide a lodgement service. We make no representations about the accuracy of the information submitted, the due date or whether it is received by the ATO. Our firm is not being engaged to perform, or check the accuracy of, payroll calculations associated with the STP reports. You and your employees are responsible for correctly preparing and processing each pay event, and for maintaining the necessary supporting documentation.

You and your employees are also responsible for calculating and remitting your PAYG withholding and Superannuation Guarantee liabilities with respect to each employee, for each relevant pay event.

3.6 SMSF annual return

Our firm has been engaged to attend to the income tax compliance work for your self-managed superannuation fund (SMSF). This assignment will involve the following:

- Preparation of the SMSF's accounts for the purposes of the *Superannuation Industry (Supervision) Act 1993* (the SIS Act).
- Preparation and lodgement of the SMSF annual return. It is important to note that, as part of the regulatory framework for SMSFs, an annual audit of the fund must be undertaken and provided to the trustees of the fund before the SMSF annual return is lodged.
- With respect to the annual audit of the SMSF referred to above, this office will make arrangements for the audit to be undertaken by an external party whereby you will be billed directly and liable for all costs associated with the completion of the audit.

In addition to the basic financial information required to complete these requirements, it is expected that the source documentation will be available to allow us to analyse the implications of any superannuation-related transaction.

You should also note that the SMSF’s deeds should be annually reviewed by a superannuation specialist to ensure they continue to comply with the requirements of the SIS Act. Our engagement does not extend to the provision of such legal advice and our fee does not include this service. We are happy to recommend the services of a superannuation specialist for this task.

This service does not cover any inquiries or investigations by the ATO.

3.7 Superannuation-related financial advice

We do not hold an Australian Financial Services Licence and are not an authorised representative of such a licence holder. As a result, we are generally prohibited from providing you with any advice, recommendation or opinion that is intended to influence you in making any decision in relation to superannuation (including whether to establish, contribute to or draw benefits from a superannuation fund, or any investment decision by an superannuation trustee), or that could reasonably be regarded as being intended to have such an influence (**Financial Advice**).

However, we are able to provide you with superannuation advice that is of a factual nature only (e.g., to explain how superannuation rules would apply to you and what options are available to you).

Where you request us to undertake superannuation-related work (e.g., to arrange for the establishment of a self-managed superannuation fund), we will be obliged to perform that work in accordance with your instructions, even if we believe those instructions may not be in your best interest.

Where you request Financial Advice concerning superannuation, we will endeavour to assist you in obtaining that advice from an appropriately licensed advisor. Depending on the circumstances, this may involve us outsourcing the provision of the Financial Advice (in which case we would seek your prior authorisation) or referring you to a licenced provider directly.

4. Agent nomination process – Client-to-agent linking

The ATO has introduced a new process that requires all taxpayers with an Australian Business Number (excluding sole traders) to undertake certain steps to nominate a registered tax or BAS agent.

This process is referred to as ‘Client-to-agent linking’ (‘CAL’) and, importantly, it must be completed by the taxpayer seeking to nominate an agent. It cannot be done by agents on behalf of their clients.

Please notify us as soon as the nomination process is completed by each client in your Group. We will then have 28 days to connect to the client on the ATO’s systems. Please note that we cannot perform any work for a client who has not successfully completed the client-to-agent linking nomination process.

You will find further information and details of the steps that each of the above clients will need to take to nominate our firm in the document, ***Client-to-agent linking proforma***, which accompanies this letter.

5. Confirmation of engagement

Obviously, there are many issues to consider in this engagement and we ask that you consider all aspects of this letter to ensure that you are satisfied with the scope of our engagement. Please contact us if you have any queries about this letter.

If you are satisfied with the terms of this letter, please have all persons sign and date both copies of this letter in the places indicated. One copy should be forwarded to us as evidence of your acceptance of the terms of our engagement. You should retain the other copy as your evidence of our engagement.

We thank you for the opportunity to provide accounting and taxation services to your Group and we look forward to developing a close accounting relationship with you for many years to come.

Yours sincerely,

Clients' rights and obligations under the taxation laws

Dear Client,

As a client of this practice, we are required to advise you of your rights and obligations under the taxation laws in relation to the services we provide to you. Set out below is a brief explanation of the main areas of the taxation system you should be aware of. If you have any concerns or issues with any of the matters discussed below, please feel free to contact us.

The self-assessment system

Australia's tax system operates on a self-assessment basis. This means that when your income tax return, Fringe Benefits Tax (FBT) return or Business Activity Statement (BAS) is lodged, the Australian Taxation Office (ATO) accepts the information provided in the return at face value and issues you with an assessment notice based on that information. However, this does not mean the assessment is final as the ATO can conduct a review or audit of the information provided in the return at a later time, subject to the time limits discussed below.

The Commissioner's ability to amend an assessment

As explained above, the ATO accepts the information lodged in your return at face value. However, the ATO also has the power to amend the assessment if the ATO finds it to be incorrect. The following time limits generally apply for amending an assessment:

Individuals

- For most individuals, the ATO can amend an assessment within two years after the individual receives their notice of assessment. If the individual carries on a business and is **neither** a Small Business Entity (SBE) (broadly, a business with an aggregated turnover of less than $10 million) nor a Medium Business Entity (MBE) (broadly, a business with an aggregated turnover between $10 million and less than $50 million), that period extends to four years.
- If the individual is a partner in a partnership or a beneficiary of a trust, the period is two years. However, if the partnership carries on business and is **neither** an SBE nor an MBE, the period extends to four years. If the trust is **neither** an SBE nor an MBE, the period extends to four years.

Companies

- The ATO can amend a company assessment within two years after a notice of assessment is deemed to have been made where the company **is** either an SBE or an MBE.
- If the company is a partner in a partnership or a beneficiary of a trust, the period is two years. However, if the partnership carries on business and is **neither** an SBE nor an MBE, the period extends to four years. If the trust is **neither** an SBE nor an MBE, the period extends to four years.
- In most other cases, the period is four years.

Trustees

- The ATO can amend an assessment within two years after the trustee receives the notice of assessment if the trust **is** either an SBE or an MBE.
- If the trustee is a partner in a partnership or a beneficiary of a trust, the period is two years. However, if the partnership carries on business and is **neither** an SBE nor an MBE, the period extends to four years. If the trust is **neither** an SBE nor an MBE, the period extends to four years.
- In most other cases, the period is four years.

If the ATO amends an assessment, this will potentially involve, apart from increased taxes, penalties and interest. If you discover an error in the information declared in the return, lower penalties generally apply for making a voluntary disclosure.

Note that there are no time limits on the ATO amending an assessment where it believes there has been fraud or evasion.

Obligation to keep records

The tax laws specifically require taxpayers to keep records that properly explain the transactions they have entered into.

Individuals

Individuals claiming deductions for work-related expenses are subject to the substantiation rules in the tax laws. This requires taxpayers to keep receipts, invoices etc., of the expenses they incur. Where the expenses relate to a taxpayer travelling interstate or overseas, a travel diary may also need to be kept. Where the expense relates to a motor vehicle, a record of the journeys taken such as a log book may need to be kept.

A failure to keep the appropriate records can lead to the ATO denying a particular deduction which may involve the imposition of penalties and interest. Substantiation records must be retained for five years.

Businesses

The tax laws specifically require a taxpayer that carries on business to keep records that record and explain all the transactions they have entered into. This includes all the documents that explain how the income and expenditure of the taxpayer was determined.

Where the tax laws allow or require a taxpayer to make a choice, election, estimate or calculation, documents containing particulars of these matters must be kept.

All these records must be retained for a period of five years. There are penalties for taxpayers who fail to do so.

Obligation to provide complete and accurate records

In order for our practice to be able to lodge returns on your behalf, it is your responsibility to provide us with complete and accurate records. Further, in order to lodge your return on time, we will require you to provide us the relevant information as and when requested.

Where you are unable to provide us with complete and accurate records, we may be unable to prepare and lodge your return. Tax agents are subject to a Code of Professional Conduct contained in the *Tax Agent Services Act 2009,* which prevents them from acting for a client where insufficient records or information exist for them to be able to determine the amount of the client’s income or deductions.

We also reserve the right to question any claims for deductions or credits that in our reasonable judgment might be considered as being excessive, and we may ask for more substantiation or records to prove that such a claim is allowable under the law. If we believe that a claim is excessive and cannot be substantiated, we reserve the right not to include such a claim in your income tax returns or BAS, but you will have the right to lodge an objection after receiving your notice of assessment. There may be further costs in doing so, and we will advise you accordingly.

Records for clients operating in the cash economy

Because of the ATO’s concerns with dealings in the cash economy, there are particular recording imperatives for clients who operate in that sector. In particular, the ATO has a program of “benchmarking” standardised revenue returns for a wide range of small businesses.

In circumstances where it is dissatisfied with a taxpayer’s records or recording systems, the ATO may assess income tax and/or GST on what it considers to be an appropriate “benchmark” amount (plus penalties and interest) and then put the taxpayer to the task of disproving that assessment and establishing what the amount should be. Where this occurs, the taxpayer is at a serious disadvantage and can be put to a great deal of cost and effort in disputing the assessment.

Taxpayers who operate in the cash economy are therefore urged to have a robust and reliable system for recording and reporting all cash transactions and ensuring that the recorded figures are accurate.

If you need assistance in setting up or reviewing your recording and reporting systems, we will be happy to do so and will advise you of our rates for doing so on request.

Right to seek a Private Binding Ruling

When preparing your return, we may identify one or more issues that are not clear under the tax laws. Where we have pointed out such issues to you, you have a right to request a Private Binding Ruling from the ATO. Upon providing the ATO with all the relevant facts, the ATO will provide you with a ruling setting out its view on the proper tax treatment of the issue requested to be ruled upon.

Objecting against an assessment

If the ATO issues you with an assessment that you do not agree with, you have the right to lodge an objection against that assessment. The objection must be lodged with the ATO within either two or four years. The period which applies is determined as discussed above under the heading *'The Commissioner's ability to amend an assessment'.*

Where the ATO issues an amended assessment, the period for objecting is the greater of:

- 60 days from the time the amended assessment is received; or
- two or four years (whichever is applicable) from the time the original assessment was received.

If you remain dissatisfied with the outcome of the objection, you have the right to have the matter reviewed by the Administrative Appeals Tribunal or to appeal the matter to the Federal Court.

Onus of proof falls on the taxpayer

It is important to be aware that in any disputed assessment before the court or the Administrative Appeals Tribunal, the onus of proof is placed on the taxpayer. In other words, if the Commissioner asserts that your income should include a certain amount or that a deduction claimed in a return is not allowed, it will be up to you to establish that the Commissioner's view is incorrect and what the correct amount is.

Your statutory protections

The *Tax Agent Services Act 2009 (*TASA) and complementary amendments to the applicable taxation administration legislation provide statutory protections for taxpayers who engage registered tax agents.

In particular, as your tax agent, we are bound by a statutory Code of Professional Conduct (the Code) which is administered by the Tax Practitioners Board. The Code requires us, amongst other things, to act lawfully in your best interests and with honesty and integrity in the performance of our duties.

In addition, under the taxation laws, as the client of a registered tax agent, a statutory "safe harbour" exemption from administrative penalties imposed by the ATO applies in certain circumstances.

In order to ensure you are able to benefit from the safe harbour should the need arise, it is a requirement that you provide us with all relevant tax information. This includes any records, or documents we request from you plus any other information relevant to the preparation of your tax return. The information provided must be complete and accurate.

It is equally important that you provide us with this information by the time it is requested so as to allow the return to be lodged by its due date. The safe harbour from late lodgment penalties can also apply where a Business Activity Statement, Instalment Activity Statement, or Fringe Benefits Tax return is lodged late.

What does the safe harbour apply to?

Whilst the safe harbour can apply to exempt the penalty for an error made in a tax return, it is important to note that the tax and interest will still be payable.

‘Client-to-agent linking’. – About Tax #19626007

What do you need to do?

You must complete the new process to nominate About Tax as your authorised agent. This requires you to do the following:

1. **Nominate About Tax as your registered agent in *Online services for business*** – To do this, you will need to follow the client-to-agent linking steps outlined in the enclosed document from the ATO, which vary depending on whether or not you have already set up access for *Online services for business*. In summary, this means:

A. If you have already set up access to *Online services for business* and have an appropriately authorised myGovID:

Action Required	Instructions
1. Log into *Online services for business*	Use your authorised myGovID to log in.
2. Nominate your authorised agent	From the home page: • select **Profile**, then **Agent details**; • at **Agent nominations**, select **Add**; • on the *Nominate agent screen*, go to **Search for agent** and search for us using either our registered agent number #19626007 • complete the **Declaration** and select **Submit**; • confirm that you can see our details listed under **Agent nominations**; and • notify our office that these steps have been completed as soon as practicable.

B. If you have NOT set up access to *Online services for business* and do NOT have an appropriately authorised myGovID, before you follow the steps in the above table:

Action Required	Instructions
1. Set up your myGovID	This is the Government’s Digital Identity app and can be set up at www.mygovid.gov.au/setup It is advisable you establish a ‘*Strong*’ Identity strength to assist with subsequent steps.
2. Link your myGovID to the ABN	You will need to use the Government’s *Relationship Authorisation Manager* (‘RAM’) to link your myGovID to your ABN. This should generally be done online. If this link does not work, copy and paste the following web address into your internet browser: *info.authorisationmanager.gov.au/principal-authority#How_to_link*

3. Authorise others (optional)	This is an optional step if you wish others to act on behalf of your business.
4. Log into *Online services for business* and nominate your authorised agent	Follow the instructions in the table above.

The steps outlined in Table A or B (whichever applies) must be repeated by each individual or by an authorised person of each entity in your group wishing to nominate About Tax to act as their authorised agent.

2. **Notify us of each nomination** – Once a nomination has been submitted with the ATO, please notify our office within 28 days.

   It is important that this is done as soon as the nomination process is completed for each individual or entity in your group, as the ATO does not provide agents with a direct notification of a nomination.

   We then have 28 calendar days to add you and any other individuals and entities in your group as a client or to add additional tax accounts before a nomination expires. Should we need more time, we will request that the 'Extend' feature in *Online services for business* be used to add another 28 days to a nomination.

To further assist you, the above steps are explained in more detail in the guide, *'How to nominate an agent in Online services for business'*, which was prepared by the ATO.

Unfortunately, we cannot complete this process on your behalf.

Alternatively, you can contact the **ATO** on **13 28 66** or visit www.ato.gov.au/Business/Bus/Agent-nomination-process/ for more details.