

AITKEN O'GRADY
STANDARD TERMS OF ENGAGEMENT FOR FRINGE BENEFITS TAX RETURNS

This letter is to outline my understanding of the terms of the engagement and the nature and limitations of the services I provide.

1 Scope, Purpose and Output of the Engagement

- 1.1 The scope and output of my engagement will include:
- (a) Preparation and lodgement of fringe benefits tax return for you, the employer.
 - (b) Preparation of reportable fringe benefits schedule, if applicable, for you, the employer.
 - (c) Preparation of employee contribution schedules and minutes, if applicable, for you, the employer.
 - (d) Advising on various business and fringe benefits taxation matters as and when requested to do so.
- 1.2 My advice will cover only Australian fringe benefits tax provisions. It will not cover any other taxes such as income tax, goods & services tax, stamp duty, land tax, payroll tax, or any employee obligations such as workers compensation and superannuation guarantee charge unless specifically included within the scope above.
- 1.3 The scope of my engagement will be limited to performance of only the services listed above.
- 1.4 The output listed above will be prepared exclusively for distribution to the director(s) / partners / trustee(s), to assist in the above entity(ies) fringe benefits tax lodgement requirements with the Australian Taxation Office (ATO). I do not accept responsibility to any other person for the content of my agreed upon output. The output shall not be inferred or used for any purpose other than for which it was specifically prepared. Accordingly, my reports may include a disclaimer to this effect.
- 1.5 The above services will be conducted in accordance with the relevant professional and ethical standards issued by the Accounting Professional & Ethical Standards Board Limited (APESB). The extent of my procedures and services will be limited exclusively for this purpose only. As a result, no audit or review will be performed and, accordingly, no assurance will be expressed. My engagement cannot be relied upon to disclose irregularities including fraud, other illegal acts and errors that may exist. However, I will inform you of any such matters that come to my attention.
- 1.6 If the scope does not meet your requirements or you would like to discuss the scope with mr further, please contact my office as soon as possible.
- 1.7 I consider that I have the necessary expertise to perform the services covered by my engagement. However, any change to the scope of my engagement may require me to reconsider the terms of my engagement and/or make new arrangements with you.
- 1.8 If you wish to change the scope of my instructions please contact this office immediately.

2 Fees

- 2.1 My fees are based on a fixed amount and are calculated on the number of fringe benefits you provide to your employees in accordance with the schedule below:

Number of Fringe Benefits provided	Total Cost (GST Inclusive)
1	\$440
2	\$660
3	\$880
4	\$1,100
5 +	Please contact this office.

- 2.2 An administration fee of \$110 (GST Inclusive), per employee, will be charged in addition to the amount at 2.2 for:
- 2.2.1 Preparation of documentation relating to employee contributions,
 - 2.2.2 Completion of any information worksheets,
 - 2.2.3 The provision of declaration templates for management use only.
- 2.3 I will charge you for any additional costs or disbursements I incur in relation to your matter, including (but not limited to) the following:
- (a) Travel Costs
 - (b) Stationary Costs, and
 - (c) Couriers.
- 2.4 My fees will be billed at the conclusion of the engagement. However, I reserve the right to issue interim fees should my engagement be in progress at the conclusion of any calendar month.

3 Your disclosure and record keeping obligations

- 3.1 You are required by law to keep full and accurate records relating to your tax affairs.
- 3.2 It is your obligation to provide me with all information that you reasonably expect will be necessary to allow me to perform work contemplated under this engagement within a timely manner or as requested. This includes providing accurate and complete responses to questions asked of you by me within 14 days or any other mutually agreed time. Inaccurate, incomplete or late information could have a material effect on my services and/or my conclusions and may result in additional fees. I will not verify the underlying accuracy or completeness of information you provide to me.
- 3.3 You are also required to advise me on a timely basis if there are any changes to your circumstances that may be relevant to the performance of my services. Specifically, if any subsequent events results in the information you provided to me being inaccurate, incomplete or misleading, then you are obliged to advise me as soon as possible. I take no responsibility to the extent that my advice is inaccurate, incomplete or misleading because it is based on inaccurate, incomplete or misleading information being provided to me.
- 3.4 By accepting the terms of this letter, you will be taken to have agreed that the performance of my services is dependent on the performance of your obligations relating to disclosure and record keeping.
- 3.5 The *Taxation Administration Act 1953* contains specific provisions that may provide you with “safe harbours” from administrative penalties for incorrect or late lodgement of returns if, amongst other things, you give me “all relevant taxation information” in a timely manner (the safe harbour provisions apply from 1 March 2010). Accordingly, it is to your advantage that all relevant information is disclosed to me as any failure by you to provide this information may affect your ability to rely on the “safe harbour” provisions and will be taken into account in determining the extent to which I have discharged my obligations to you.
- 3.6 You are also required to advise me if you become aware of any conflict of interest or potential conflict of interest. Generally, a conflict of interest is any event which may result in me becoming unable to remain objective in the performance of me services to you. Some examples of events which could give rise to a conflict of interest or potential conflict of interest during this engagement are changes to your business circumstances, events affecting your family (eg. death and/or marriage breakdown) or a legal action commencing against you.

4 Your rights and obligations under the taxation laws

- 4.1 You have certain rights under the taxation laws, including the right to seek a private ruling from the ATO or to appeal or object against a decision made by the Commissioner. As relevant, I will provide further information to you concerning your rights under the Australian taxation laws during the conduct of the engagement contemplated by this letter.
- 4.2 You also have certain obligations under the Australian taxation laws, such as the obligation to keep proper records and the obligation to lodge returns by the due date.

5 Trust account

- 5.1 I maintain a separate client trust account for dealing with all money and property received from you or on your behalf, except for amounts received from you in payment of our fees. I may apply these funds in payment of my bill with your written authorisation.

6 My obligation to comply with the law

- 6.1 I have a duty to act in your best interests. However, the duty to act in your best interests is subject to an overriding obligation to comply with the law even if that may require me to act in a manner that may be contrary to your interests. For example, I could not lodge an income tax return for you that I knew to be false in a material aspect.

I also have an obligation to ensure that I manage conflicts of interest as they arise. In this regard, I have arrangements in place to ensure that I manage potential or actual conflict of interest. The effective operation of these arrangements depends, in part, on you complying with your obligation to disclose any potential conflicts of interest to me (see section 2 above).

Unless otherwise stated, this opinion is based on the Australian tax law in force and the practice of the ATO applicable as at the date of this letter.

My advice and/or services will be based on Australian taxation law in force at the date of the provision of the advice and/or services. It is your responsibility to seek updated advice if you intend to rely on my advice at a later stage. I note that Australian taxation laws are often subject to frequent change and my advice will not be updated unless specifically requested by you at the time of the change in law or announced change in law.

7 Confidentiality

- 7.1 I will not disclose any information relating to your affairs to any third party without your consent, unless required by law. You may provide me with permission to disclose your confidential information in certain circumstances, or place conditions on the disclosure of certain confidential information. If you do so, I will have permission to disclose the relevant information accordingly, in the performance of my services, unless you instruct me otherwise in writing.
- 7.2 I wish to draw your attention to my firm's system of quality control which has been established and maintained in accordance with the relevant APESB standard. As a result, my files may be subject to review as part of the quality control review program of the Institute of Chartered Accountants which monitors compliance with professional standards by its members. I advise you that by accepting my engagement you acknowledge that, if requested, my files relating to this engagement will be made available under this program. Should this occur, I will promptly advise you.

8 Ownership of documents

- 8.1 All original documents obtained from you arising from this engagement will remain your property. However, I reserve the right to make a reasonable number of copies of the original documents for our records.

My engagement will result in the output as outlined within the scope section above. Ownership of these documents will vest in you. All other documents produced by me in respect of this engagement will remain my property.

I have a policy of exploring a legal right of lien over any of your documents in my possession in the event of a dispute between us. I have also established dispute resolution processes, details of which are available on request.

9 Timetable

- 9.1 My services will be performed in accordance with a timetable agreed with you.
- 9.2 My timetable of services has been developed to facilitate a large number of engagements to be completed within a fixed period of time.
- 9.3 I always work to ensure that your income tax return and, if applicable, your activity statement is completed and lodged within the due dates issued by the Australian Taxation Office but are unable to guarantee this if any information or request for further information is returned to my office outside of our agreed upon timetable.

10 Your acceptance of these terms

- 10.1 This letter sets out the basis on which I will act for you.
- 10.2 I thank you for the opportunity to assist you in your taxation and accounting affairs and ask that you please sign the letter where indicated and return a copy of the signed letter to me to indicate your acceptance of its terms.
- 10.3 This engagement letter will be effective for future years unless I advise of any change or I am advised that my services are no longer required. Generally, however, the terms and fees stated above are reviewed annually to ensure that my engagement is in line with accepted business practice.

If you have any queries please do not hesitate to contact this office.