Terms of Engagement

north canterbury tax

1. What we will do

1.1 We will use our professional skills to do the work you have requested based on information supplied by you. Where required by legislation or requested by you, annual accounts will be prepared in compliance with the minimum requirements of the Tax Administration (Financial Statements) Order 2014. We will also provide additional information that we believe will be useful to the users of the financial statements.

Periodic accounts for management are not governed by legislation and will be prepared on the basis requested by management.

The general basis of accounting used to compile the accounts will be described in the notes to the financial statements together with any significant departures from that basis. Significant departures will also be referred to in our compilation report (see 1.5 below)

1.2 We will provide you with a fixed price agreement estimate. Estimates should not be regarded as a maximum and are likely to vary once the engagement commences. Where requested and where all the appropriate information is available, a fixed price can be provided. All quotations will be in writing and we will make every endeavour to operate to that estimated amount subject to there not being a variation to the engagement. If a variation does occur to the engagement, then an estimate can be provided to undertake that variation. If an estimate is not requested, then we will operate on our normal charge out rates.

Here are factors that can affect the fixed price agreement:

- A larger or more complicated workload. If you inadvertently entered your data poorly in Xero, MYOB or similar accounting software, it could take much longer for complete your financial statements.
- Missing information. If we have to request more information from you, this will demand more of our time, resulting in higher fees.
- Record-Keeping quality. One factor many business owners don't consider is how their own record-keeping affects accounting costs.

1.3 We will commence your engagement upon receiving the signed letter of engagement, onboarding documents and all necessary financial year information and related source documents. Our standard turnaround time for preparing financial statements and tax returns is approximately six (6) weeks after receiving all the required information. However, the completion time may vary depending on the complexity of your financial situation and other factors outside of our control. If you have specific deadlines or additional requirements, please inform us and we will do our best to accommodate your needs.

- Any time specified by us for the provision of the engagement is an estimate only and we will not be liable for any loss or damage incurred by you due to any delay. However, both parties agree that they shall endeavour to enable the Services to be provided at the time and place as was arranged between them.
- If we cannot provide the engagement as agreed solely due to your actions or inaction, then we shall be entitled to charge a reasonable fee for re-providing the engagement at a later time and date.

1.4 We will review income tax and GST return assessments carefully to ensure accuracy and compliance. However, it is essential to emphasise that the responsibility for receiving and managing notifications and messages from the IRD lies solely with you. To access these notifications, assessments, and all other communications from the IRD, please use your personal or business MyIr login credentials, as they are confidential and specific to your tax affairs.

As part of our support in fulfilling your tax obligations, you should carefully review any payment advice or reminder letters we may provide to confirm the proposed payment and the accuracy of the due date.

1.5 We will provide a compilation report on all annual accounts that include a balance sheet. An example of a typical report, not specific to your circumstances, can be obtained on request.

1.6 We retain legal ownership of working papers prepared by us in relation to this engagement. You retain ownership of all documents you provide to us so we can carry out your work. We will return them to you when the work is completed. We store them for 7 years after the appropriate balance date. After 7 years we may destroy them at our discretion using a secure document destruction service. Electronic files are not destroyed.

1.7 We will inform you of any suspicions of omissions, errors, or irregularities identified during the engagement.

1.8 We will collect personal information about you, including, but not limited to, your name, contact details, IRD number, company numbers (if applicable) in order to prepare your annual accounts and taxation returns and any other work you engage us to do.

We will not share your confidential information with anyone outside the firm without your permission unless there is a legal (e.g. AML suspicious transaction reporting) or professional obligation to do so.

1.9 We must comply with the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (AML/CFT Act).

In accordance with Part 1, section 6(3)(b) of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (AML & CFT), from 1 October 2018, we may be obliged to verify your identity and, in some circumstances, the source of funds for a transaction.

Our work for you may be captured under the Act in conducting certain activities, including acting as a formation agent, acting as a nominee shareholder or trustee, managing client funds, or engaging in transactions for buying or selling land or a business or other legal entity/arrangement. If you request us to perform any of these captured activities, we will only perform such work after we have conducted customer due diligence required under the AML/CFT Act and satisfied ourselves that we can proceed with the work.

When we conduct customer due diligence required by the AML/CFT Act, the information we request from you will differ depending on the entity (for example, individuals, companies, and trusts are subject to different requirements) and the level of assessed risk. Information required may include passports, address verification by way of recent utility bill, bank statement, or government agency letter, Certificates of Incorporation or Registration, Trust Deeds or Partnership Agreements, proof of authority of persons acting for you, and proof of source of funds.

As well as our obligations to undertake due diligence, the AML/CFT Act requires us to report suspicious activity or prescribed transactions to the relevant authority. Under such circumstances, we may not disclose information to you about suspicious activity reports or prescribed transactions, in accordance with FIU Suspicious Activity Reporting Guidelines.

We may require you to provide certain information from time to time to ensure our compliance and yours. If we cannot obtain the necessary information from you, we will likely be unable to act for you. Because the AML & CFT applies to everyone, we need to ask for the information even if you have been our client for a long time.

1.10 We will provide you with reasonable unlimited support and advice. We understand that questions or concerns may arise from time to time. For your convenience, we offer a phone or email service to address inquiries or issues that can typically be resolved within fifteen (15) minutes. This service is designed to provide swift and efficient solutions and is included in your fixed price agreement. Please feel free to reach out whenever needed. If we are unavailable, please leave a detailed message. Any non-urgent enquiries can be made via email.

2. What we will not do

2.1 We will not conduct an audit or any other independent verification work.

2.2 We will not express any kind of opinion on the accuracy of the material we compile or its suitability for any purpose.

2.3 We will not necessarily establish or maintain independence. It is not a professional requirement to be independent before carrying out compilation work of this nature. However, any other relationship will be described in our compilation report.

2.4 We will not take active steps to identify weaknesses in your internal accounting system, errors, illegal acts or other irregularities, for example, fraud or non-compliance with laws and regulations. However, should we become suspicious of any irregularities we will report it to you (see 1.4 above).

2.5 We will not accept liability in negligence or for any other reason to anyone, but you and your enterprises listed at the head of the main letter. A disclaimer to this effect will be included in our compilation report.

3. What you will do

3.1 You will deliver accurate, complete information needed to compile the financial statements and tax returns promptly at the times agreed. The extent of record-keeping you perform will vary depending on the assignment and we will agree on this during the engagement. It is your responsibility to ensure the completeness and accuracy of the records and information supplied and to provide explanations for any items in question.

3.2 You will update the information provided to us where there has been a material change to that information that affects the scope of performance of the engagement by us.

3.3 You are responsible for completing the annual questionnaire (see Resources on our website infor@nctbk.co.nz) and responding to queries within forty-eight (48) hours. You acknowledge that failure to meet this timeline may result in additional late fees.

3.4 You remain responsible for the reliability, accuracy and completeness of the financial information compiled, including tax returns. You have delegated certain tasks to us, as tabled in the main letter, and we are responsible for carrying out those tasks in a professional manner. You cannot abrogate the ultimate responsibility for ensuring that the financial information is compiled properly.

While we make every effort to provide guidance on the amounts and due dates of tax instalments, it is imperative to understand that the ultimate responsibility for the accurate and timely payment of taxes rests solely with you. Any penalties resulting from lateness, errors, erroneous estimations, or other reasons are your responsibility.

3.5 You will inform us of the intended use and distribution of the compiled information, including third party and how they are expected to use it. This does not apply to:

3.5.1 the directors, shareholders, partners, trustees or equivalent office holders of your enterprises as listed at the head of the main letter, and

3.5.2 Inland Revenue.

3.6 You may make copies of any reports for your own internal use or for providing to a third party. However, we accept no duty or responsibility to any party other than yourself who may seek to rely on our reports and furthermore you indemnify us against any claim by such other party in respect of the reports. However, we understand that the intended use and distribution of the financial information we will compile is for the special purpose reporting and of calculating income tax. If this should change in any material respect, you will inform us immediately.

3.7 You confirm that we have authority to communicate with and obtain information from any third party if the information sought is relevant to our work.

3.8 You agree that ATAINZ may have access to the records and information we hold that support our working papers. This is an essential part of ATAINZ's quality assurance function. The likelihood that any engagement is selected is very small. All ATAINZ employees and contractors are required to maintain the strictest confidentiality.

3.9 You will pay our fees on time. Invoices for work done in a will be delivered from time to time and are due for payment within 7 working days. Should it be necessary for us to commence proceedings to collect any outstanding fees, the costs of collection will be charged to you accordingly. We may also charge interest at the rate of the prescribed interest rate (PIR) published from time to time by the Inland Revenue. For annual account clients, the invoice will be sent within 10 days of the calendar month after the job is completed. For Clients who we complete more work for during the year, we will bill in line with GST returns.

3.10 You will let us know if any of these terms are unclear or not what you think is reasonable and we will explain or redraft to make sure you are happy. See 1.8 above.

4. Service and Guarantee

4.1 Based on the information you provide, we will perform the engagement outlined above with due care and diligence in accordance with applicable professional standards. We will maintain the confidentiality of all Client information and comply with all applicable laws and regulations.