

Dear Client:

The purpose of this letter is to set out a clear understanding of the nature of our involvement as the preparer of your (and your family's) personal income tax return(s) for 2019 and your responsibilities as the taxpayer.

**IT IS UNDERSTOOD AND AGREED THAT YOUR RESPONSIBILITY AS THE TAXPAYER IS AS FOLLOWS:**

- a) The accuracy of the information and completeness of the representations reflected in your tax return is your responsibility under the *Income Tax Act*. You represent that the information supplied to us is, to your knowledge, correct and complete, and fully discloses all of your reporting requirements under the *Income Tax Act*.
- b) You confirm that you have provided us with all income and deduction items to be included in your tax return and that they are correct and complete. You confirm that all sources of income have been disclosed, all deductions were incurred to earn income, and all credits claimed are supported by receipts.

And you further confirm, if applicable:

- All business (including commission, farming, and professional incomes) and rental schedules present the results of operations and include all material transactions.
  - All income and benefits from employment have been reported whether or not they are on T4 or T4A slips.
  - All income earned from investments have been reported whether or not they are on T3 and T5 slips.
  - All dispositions of a capital nature and their costs have been reported, including the disposition of a principal residence.
  - All estimates for business use of automobile, business portion of residence, and other such estimates you have provided are reasonable and supported by usage logs and other evidence.
- c) you are not aware of any illegal or possibly illegal acts for which you have not disclosed to us all facts related thereto.

You also agree to hold harmless and indemnify us from any penalty or costs arising pursuant to Section 163.2 of the *Income Tax Act* as a consequence of false or otherwise incorrect information supplied by you or your agents to us for the purpose of providing any taxation services to you, including but not limited to tax planning or the preparation and filing of the income tax return on your behalf.

**d) FOREIGN REPORTING**

The Foreign Property reporting rules require completion of an information statement that reports foreign property owned by Canadian residents at any time in the year. The statement must be completed if you owned or held a beneficial interest in “specified foreign property” with an aggregate **cost in excess of \$100,000**. Specified foreign property includes:

1. Funds held outside of Canada e.g. offshore bank account;
2. Tangible property situated outside Canada;
3. A share of a non-resident corporation (for example, Apple Inc. owned in a Canadian investment account);
4. An interest in a non-resident trust;
5. An interest in a partnership holding foreign property;
6. An interest or right with respect to a non-resident entity;
7. Indebtedness owed by a non-resident person;
8. Property which can be converted or exchanged into foreign property.

Excluded are:

1. Property used in carrying on an active business;
2. Shares of a non-resident corporation that is a foreign affiliate;
3. An interest in a non-resident trust acquired for no consideration;
4. Certain partnerships;
5. Personal use property such as a vacation property.
6. Mutual funds registered in Canada that contain foreign investments.

Substantial penalties exist for non-compliance.

The required forms must be filed by April 30, 2020, for the 2019 taxation year.

Please consider carefully and tick the applicable box:

**I have assets subject to these rules**       **Yes**       **No**      (you must tick one box)

If yes, please provide a complete list and send it to us with your 2019 tax information. Please contact us if you have any questions.

**IT IS UNDERSTOOD AND AGREED THAT OUR ROLE AS YOUR TAX RETURN PREPARER IS AS FOLLOWS:**

- a) We will not audit, review or otherwise attempt to verify the accuracy or completeness of any information provided. It is up to you to provide us with accurate and complete information necessary to prepare such personal income tax return(s).

- b) Your (and your family's) personal income tax return(s) will include the following statement "*Prepared solely for income tax purposes without audit or review from information provided by the taxpayer.*" along with our firm name identified as your tax return preparer.
- c) If the income tax return contains any business or rental schedules where we compile the figures, we will include with such forms or schedules a "Notice to Reader" report in the following form:

#### **NOTICE TO READER**

*On the basis of information provided by the taxpayer, we have compiled this statement. We have not performed an audit or review engagement in respect of this statement and, accordingly, we express no assurance thereon. Readers are cautioned that this statement may not be appropriate for their purposes.*

Vancouver, BC  
December 31, 2019

**Martin Henry, CPA**

Should you have reason to circulate such forms or schedules with or separate from the income tax return, you agree that this report shall also be included with the circulated document and that you will provide us with the name(s) of the party (or parties) to whom they are circulated.

- d) Confidentiality

We will maintain the strictest confidence with respect to any client's or former client's information. Accordingly, your confidential information will not, without your consent, be disclosed to any individuals in our firm beyond those who are engaged on your services. This policy applies to anyone outside the firm, except as required by law or under the profession's Rules of Professional Conduct.

It is acknowledged that we will have access to all personal information in your custody that we require to complete our engagement. Our services are provided on the basis that:

You represent to us that you have obtained any required consents for collection, use and disclosure to us of personal information required under applicable privacy legislation; and we will hold all personal information in compliance with our Privacy Statement.

## e) Email Communication

You recognize and accept the risks associated with communicating by Internet email, including (but without limitation) the lack of security, unreliability of delivery, and possible loss of confidentiality and privilege. Unless you request in writing that we do not communicate by Internet email, Martin & Henry, Chartered Professional Accountants accepts no responsibility or liability in respect of the risk associated with its use.

## f) File Inspections

In accordance with professional regulations (and by Firm policy), our client files must periodically be reviewed by practice inspectors and by other Firm personnel to ensure that we are adhering to professional and Firm standards. File reviewers are required to maintain confidentiality of client information.

The working papers, files and reports that we assemble during the course of our compilation are the property of the firm.

**OTHER TERMS OF ENGAGEMENT**

Subject to taxpayer review and approval, we will carry out such bookkeeping as we find necessary prior to the preparation of the personal income tax return(s) and prepare any special reports as required. The taxpayer(s) will provide the information necessary to complete the returns/reports and will file them with appropriate authorities on a timely basis.

It should be noted that our accounting work in the area of GST/HST and other commodity taxes is limited to that appropriate to compile the personal income tax return(s). Accordingly, we may not detect situations where you are incorrectly collecting GST/HST or incorrectly claiming input tax credits. As you are aware, failure to properly account for GST/HST could result in you (or your family) becoming liable for tax, interest or penalties. These situations may also arise for provincial sales tax, custom duties, and excise taxes.

**FEES**

Upon completion of your income tax return or after providing advice or other service on any matters respecting same, we will render you a bill for services at our usual billing rate. It is agreed this invoice will be paid upon receipt. Any amounts outstanding will be charged interest at 1.5% per month (18% per annum). Employees may be eligible to receive a commission related to clients introduced to the firm.

## CIVIL PENALTIES FOR THIRD PARTY MISREPRESENTATION

Penalties can be levied on any person involved with a tax planning, filing or valuation activity. The fine could apply to “culpable conduct”: indifference, wilful, reckless, or wanton disregard of the law. It could also apply if a value estimate is incorrect by more than a “prescribed percentage,” which is not defined. The onus of proof is on the Canada Revenue Agency, and a “good faith” defense is allowable.

What is unprecedented is that not only could the taxpayer be penalized, so could the taxpayer’s advisors. Therefore, in order to engage us in preparation of your personal tax return(s), we require confirmation from you, and any other adult members of your family, that:

- a) No personal expenses have been included as deductions
- b) All income (including income from outside of Canada) has been reported to us
- c) No non-tax-deductible expenses have been included as deductions

## LIMITATION OF LIABILITY

You agree that any and all claims you may have against our firm or its professional staff arising out of all services provided to you by us, whether in contract, negligence, or otherwise known to the law, shall be regarded as one claim and any liability to you shall be limited to the amount of \$15,000.

You expressly agree that any liability our firm may have to you shall not be joint and several with any other party, but shall be several, and limited to the percentage or degree of our fault in proportion to the fault or wrongdoing of all persons who contributed to the loss.

You agree that our liability for all claims you may have or bring in connection with the professional services rendered arising out of or ancillary to this agreement shall absolutely cease to exist after a period of four (4) years from the date of:

- a) performance of this engagement;
- b) the completion of the preparation of any tax filing with any government authority;
- c) suspension or abandonment of this engagement; or
- d) termination of our services pursuant to this agreement,

whichever shall occur first, regardless of whether you were aware of the potential for making a claim against us within that period. Following the expiration of the aforesaid period, you agree that neither you, your agents or assigns shall make any claim or bring any proceeding against us.

You agree that this engagement is restricted to the compilation of personal income tax return(s) and you further agree that you cannot hold the Firm, its partners, officers or employees liable for any other work performed directly or indirectly for the personal income tax return(s), its directors and officers for which a separate engagement letter has not been obtained.

If you have any questions about the contents of this letter, please call us. **If the services outlined are in accordance with your requirements and if the above terms are acceptable to you, please sign, along with all family members for which we will be preparing tax returns, this letter in the space provided and return it to us prior to our commencement of preparing your personal tax return(s).** Separate engagement letters may be returned if this would be easier to facilitate signatures.

We appreciate the opportunity of continuing to be of service to you (and your family) in the preparation of your personal income tax return(s).

Yours truly,



John D. Martin, CPA, CA Charlene M. Henry, CPA, CA Katherine Liu, CPA, CA Julie Kennell, CPA, CA

1. The services and terms as set out above are as agreed. As well, I acknowledge and accept my responsibilities as the taxpayer as outlined above.

Per: \_\_\_\_\_



SIGN HERE

Print name: \_\_\_\_\_ Date: \_\_\_\_\_  
Family Member #1

2. The services and terms as set out above are as agreed. As well, I acknowledge and accept my responsibilities as the taxpayer as outlined above.

Per: \_\_\_\_\_



SIGN HERE

Print name: \_\_\_\_\_ Date: \_\_\_\_\_  
Family Member #2

3. The services and terms as set out above are as agreed. As well, I acknowledge and accept my responsibilities as the taxpayer as outlined above.

Per: \_\_\_\_\_



SIGN HERE

Print name: \_\_\_\_\_ Date: \_\_\_\_\_  
Family Member #3

4. The services and terms as set out above are as agreed. As well, I acknowledge and accept my responsibilities as the taxpayer as outlined above.

Per: \_\_\_\_\_



SIGN HERE

Print name: \_\_\_\_\_ Date: \_\_\_\_\_  
Family Member #4