

CLIENT'S RIGHTS AND OBLIGATIONS UNDER TAXATION LAWS

As a client of this practice, we are obliged under the Tax Agent Services Act 2009, to advise you of your rights and obligations under the taxation laws in relation to the services we provide to you. These will vary according to the particular taxation services which you require from us from time to time.

This firm will provide services, which will be conducted in accordance with the relevant professional and ethical standards issued by the Accounting Professional and Ethical Standards Board Limited (APESB). We understand that an audit of the Financial Accounts is not required and therefore we will not be expressing an opinion as to the truth and fairness of those statements. We will not disclose fraud, defalcations or other irregularities which may occur. However, any material weaknesses in the accounting or internal control systems which come to our notice will be drawn to your attention.

Any information acquired by us in the course of any engagement is subject to strict confidentiality requirements. Information will not be disclosed by us to other parties except as required or allowed for by law or professional standards, or with your express consent. Our files may, however, be subject to review as part of the quality control review program of CPA Australia which monitors compliance with professional standards by its members. If requested, our files will be made available under this program. Should this occur, we will advise you. The same strict confidentiality requirements apply under this program as apply to us.

The Self-Assessment System The Australian tax system operates as a self-assessment system. This means that when your tax return or BAS is lodged the ATO accepts the information in the return at face-value and issues you with an assessment notice based on that information. It is important to understand that 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 in the topic below.

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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 undertake an audit and amend the assessment if they find it to be incorrect. The following rules generally apply:

Individuals

- For most individuals, the ATO can amend an assessment within 2 years after you receive your notice of assessment. If the individual carries on a business and is not a Small Business Entity, that period extends to 4 years. (A Small Business Entity is an entity which carries on a business and has an aggregated turnover less than \$2million).
- If the individual is a partner in a partnership or a beneficiary of a trust, the period is 2 years. If the partnership or trust carries on business and is not a Small Business Entity, the period extends to 4 years.

Companies

- The ATO can amend a company assessment within 2 years after the company receives a notice of assessment where the company is a Small Business Entity. The same period applies where the company is a partner, in a partnership or beneficiary of a trust that is a Small Business Entity.
- In any other case, the period is 4 years.

Trustees

- The ATO can amend an assessment within 2 years after the trustee receives the notice of assessment if the trust is a Small Business Entity.
- If the trustee is a partner in a partnership or a beneficiary of a trust that is not a Small Business Entity, that period extends to 4 years.
- In any other case, the period is 4 years.

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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: There are no time limits on the ATO amending an assessment where they believe there has been fraud or evasion. The Commissioner tends to take a broad view of what constitutes evasion.

Obligation to Keep Records The tax laws specifically require taxpayers to keep records that properly explain the transaction 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 5 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 5 years. There are penalties for taxpayers who fail to do so.

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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. Under the Tax Agents Services Act 2009, tax agents are subject to a Professional Code of Conduct which prevents them from acting for a client where insufficient records or information exists so as to be able to determine the amount of the client's income or deductions.

Ownership of Documents

The final Financial Statements, Income 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 the property of you. Any other documents brought into existence by us including general journals, working papers, the general ledger, draft financial statements and copies of tax returns, will remain our property at all times.

Lien on Documents

In relation to any subsequent termination of our services, you are advised that we shall be entitled to retain all documents belonging to you and any related parties we act for until payment is received in full for all outstanding fees.

Safe Harbour Provisions

An important feature of Tax Agent Services Act 2009 is the provision of a safe harbour protection from penalties in certain circumstances for taxpayers who engage registered tax agents.

To obtain the benefits of safe harbour protection, the legislation requires the taxpayer to provide the registered tax agent with relevant taxation information to enable accurate statements to be provided to the Australian Taxation Office. This requirement may be important to both parties in

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identifying and understanding the purpose and scope of the engagement and may also affect other matters.

Outsourced Services

As part of our engagement, the services of an external consultant, contractor or expert may be used. If this is the case, we will include this as part of our engagement fee and not invoice you separately. The services used may include legal, bookkeeping, accounting, tax, data entry and administration. These service providers may be based here in Australia or offshore in the Philippines. Acceptance of our services in conjunction with the engagement document indicates your acceptance of the use of outsourced services as described. Where the outsourced service requires the disclosure of personal information to an overseas recipient a consequence of your consent is that Business Concepts Group will be required to take reasonable steps to ensure that the Australian Privacy Principles are complied with by the overseas recipients of the Personal Information.

There may be occasions where the external consultant will need to invoice you separately and we will inform you of this before the engagement is undertaken. If you object to us outsourcing for your work, please contact our office.

We use cloud computing products including general ledger and practice management. Data in these products are stored in offsite servers.

By signing the engagement letter and accepting these services you acknowledge and agree that your personal information may be stored overseas.

More information can be found in our why we outsource document.