

# TEMPLATE OF A CORPORATION TAX COMPLIANCE ENGAGEMENT LETTER

*This is not intended to be used in all cases and may be adapted to meet specific circumstances.*  
To the Directors of *[complete]*.

## CORPORATION TAX COMPLIANCE: TERMS OF ENGAGEMENT

### 1. Introduction

1.1 This letter sets out the basis on which we [are to] act as tax agent and adviser to the company [and its subsidiaries. The following is a list of those subsidiaries:]

1.2 [For the purpose of what follows any reference to the company should be read as a reference also to the subsidiary companies.]

1.3 We will communicate with [...] in relation to the company's tax affairs.

### 2. Period of Engagement

2.1 This engagement will commence with the company's tax returns for the accounting period to [...]

2.2 We will deal also with matters arising in respect of periods prior to the above period as appropriate.] [We will not be responsible for earlier periods. The company's CTPs, *[insert name of advisers]*, will deal with outstanding returns, assessments and other matters relating to earlier periods and will agree the position with the tax authorities.]

## **SCOPE**

### 3. Our Service to The Company

3.1 We will prepare from the accounts and other information and explanations provided by you the company's income tax and computations, together with all supporting schedules and, where necessary, amended returns.

3.2 We will send you the tax return and supporting schedules [in duplicate] *[optional]* for you to approve and sign. We will then submit it, with the accounts and computations, to the Tax authority. [You authorise us to file the returns.]

3.3 We will advise you of the amounts of company Income tax to be paid and the dates by which the company should make the payments. Where appropriate we will initiate repayment claims when tax has been overpaid.

3.4 If you wish, we will advise you whether quarterly corporation tax payments ought to be made, but in order to do this you will need to provide us with appropriate management information.

3.5 We will advise as to possible claims and elections arising from the tax return and from information supplied by you. Where instructed by you, we will make such claims and elections in the form and manner required by the Tax authority.

3.6 We will deal with all communications relating to the company's tax returns addressed to us by the tax authority or forwarded by the company. However, if the tax authority chooses your returns for enquiry this engagement may need to be the subject of a separate assignment in which case we will seek further instructions from you. (*See Annex D*)

3.7 We will [prepare]/[help you in preparing] the tax provisions and disclosures to be included in the company's statutory accounts.

#### **4. Your Responsibilities: Provision of Information By You**

4.1 The company is legally responsible for making correct returns by the due date and for payment of tax on time. Failure to meet the deadlines may attract penalties and/or interest.

4.2 To enable us to carry out our work, you agree:

- (a) That all returns are to be made on the basis of full disclosure of all sources of income, charges, allowances and capital transactions;
- (b) To provide full information necessary for dealing with the company's affairs: we will rely on the information and documents being true, correct and complete and will not audit the information or those documents;
- (c) That we can approach such third parties as may be appropriate for information that we consider necessary to deal with the company's affairs;
- (d) To provide us with information timely for the company's tax returns to be completed and submitted by the due date of [...] following the end of the accounting period. To enable us do this, we need to receive all relevant information by [...];

- (e) To forward to us on receipt copies of notices of assessment, letters and other communications received from the Tax authority from time to time to enable us to deal with them as may be necessary within the statutory time limits; and
- (f) To keep us informed about significant transactions or changes in circumstances.

## **5. Other Services and General Tax Advice**

*[Insert paragraphs from Annex E as appropriate.]*

5.1 We will be pleased to assist the company generally in tax matters if you advise us in good time of any proposed transactions and request advice. We would, however, warn you that because tax rules change frequently you must ask us to review any advice already given if a transaction is delayed, or if an apparently similar transaction is to be undertaken.

5.2 It is our policy to confirm in writing advice upon which the company may wish to rely.

5.3 We will be pleased also to advise the directors and executives on their personal income tax and capital tax affairs. In such cases we will need to agree separate terms with the individuals concerned.

## **6. Excluded Services**

*[Adapt as appropriate. See also paragraph 5 above]*

- 6.1 We will continue to deal with other matters required by law, such as:
- a. Pay As You Earn including year end returns and matters relating to your employees;
  - b. Obligations under (insert the relevant Personal Income Tax Law);
  - c. Returns for sub-contractors; and
  - d. VAT returns.

6.2 We will be pleased to advise on any of these tax matters if so requested.

## ***TERMS***

### **7. Professional Rules and Practice Guidelines**

We will observe the charter, regulations and ethical guidelines of The Chartered Institute of Taxation of Nigeria and accept instructions to act for you on the basis that we will act in

accordance with those guidelines. In particular you will give us authority to correct Tax authority errors. A copy of these guidelines is available for your inspection in our offices.

## **8. Client Monies**

We may, from time to time, hold money on behalf of the company. Such money will be held in trust in a client bank account, which is segregated from the firm's funds.

## **9. Retention of Records**

9.1 [During the course of our work we will collect information from you and others acting on behalf of the company and will return any original documents to you following preparation of the company's return. You should retain them for [...] years from the end of the relevant accounting period. This period may be extended if the Tax authority enquire into the company's tax return.] *[CTPs who retain records on behalf of clients will need to amend this paragraph]*

9.2 Whilst certain documents may legally belong to the company, we intend to destroy correspondence and other papers that we store which are more than seven years old, other than documents which we consider to be of continuing significance. You may have to inform us if you require retention of a particular document.

## **10. Regulatory Requirements**

We reserve the right to disclose our files to regulatory bodies in the exercise of their powers. *[Adapt as necessary and for firms who voluntarily undergo external peer review].*

## **11. Quality of Service**

11.1 We aim to provide a high quality of service at all times. If you would like to discuss with us how our service could be improved or if you are dissatisfied with the service that you are receiving please let us know by contacting *[insert name]*.

11.2 We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. If we do not answer your complaint to your satisfaction you may take up the matter with The Chartered Institute of Taxation.

## **12. Fees**

*[This is an example: if fees are calculated on any other basis, for example a fixed amount or contingency fee, then different wording should be substituted.]*

12.1 Our charges are computed on the basis of fees for the time spent on the company's affairs (which depends on the levels of skill and responsibility involved) and disbursements incurred in connection with the engagement. [If work is required which is outside the scope of this letter, for example dealing with Tax authority enquiries into the tax return, then this will be a separate engagement for which additional fees will be chargeable.] We will issue invoices at [monthly/quarterly/six-monthly] intervals during the course of the year. We will add value added tax, if applicable, at the current rate.

12.2 Our invoices are payable on presentation. We reserve the right to charge interest at [...] % per [month/year] [over base rate] in the case of overdue accounts. We may terminate our engagement and cease acting if payment of any fees billed is unduly delayed. However, it is not our intention to use these arrangements in a way which is unfair or unreasonable.

### **13. Limitation of Liability**

13.1 The advice which we give to you is for your sole use and does not constitute advice to any third party to whom you may communicate it.

13.2 We will provide the professional services outlined in this letter with reasonable care and skill. However, we will not be responsible for any losses, penalties, surcharges, interest or additional tax liabilities arising from the supply by you or others of incorrect or incomplete information, or from the failure by you or others to supply any appropriate information or your failure to act on our advice or respond promptly to communications from us or the tax authorities.

13.3 E-mail may be used to enable us to communicate with you. As with any other means of delivery this carries with it the risk of inadvertent misdirection or non delivery. It is the responsibility of the recipient to carry out a virus check on any attachments received.

### **14. Electronic Communication**

As internet communications are capable of data corruption we do not accept any responsibility for changes made to such communications after their despatch. For this reason it may be inappropriate to rely on advice contained in an e-mail without obtaining written confirmation of it. All risks connected with sending commercially-sensitive information relating to your business are borne by you and are not our responsibility. If you do not accept this risk, you should notify us in writing that e-mail is not an acceptable means of communication.

## **15. Applicable Law**

This engagement letter is governed by, and construed in accordance with, [Nigeria] [*amend as appropriate*] law. The Nigerian Courts will have exclusive jurisdiction in relation to any claim, dispute or difference concerning this engagement letter and any matter arising from it.

## **16. Contracts (Rights of Third Parties)**

A person who is not party to this agreement shall have no right under the Contracts to enforce any term of this agreement. This clause does not affect any right or remedy of any person which exists or is available otherwise than pursuant to any related Act.

## **17. Agreement of Terms**

17.1 This letter supersedes any previous engagement letter for the period covered. Once agreed, this letter will remain effective from the date of signature until it is replaced. You or we may vary or terminate our authority to act on your behalf at any time without penalty. Notice of variation or termination must be given in writing.

17.2 We should be grateful if you would confirm your agreement to the terms of this letter by signing and returning the enclosed copy.

17.3 If this letter is not in accordance with your understanding of the scope of our engagement, please let us know.

Yours etc.,

[I/We] acknowledge receipt of your above letter dated [*complete*] which fully records the agreement between you and the company relating to your appointment to carry out the work described in it.

Signed Date

For and on behalf of [Company]