

TEMPLATE SAMPLES OF A PERSONAL (INCLUDING SOLE TRADER) TAX COMPLIANCE ENGAGEMENT LETTER

This is not intended to be used in all cases and must be tailored to meet specific circumstances.

Dear *[complete]*

PERSONAL [INCLUDING SOLE TRADER BUSINESS] TAX COMPLIANCE: TERMS OF ENGAGEMENT

1. Introduction

1.1 This letter sets out the basis on which we [are to] act as your tax agent and adviser.

1.2 Your spouse is legally responsible for [his/her] own tax affairs and should be dealt with independently. [However, if both spouses sign this letter you agree that we can disclose to your spouse such details of your financial affairs as are required to consider your combined tax position.]

2 Period of Engagement

2.1 This engagement will commence with your tax returns for the fiscal year commencing [--].

2.2 [We will deal with matters arising in respect of years prior to the above year, as appropriate.] [We will not be responsible for earlier years. Your previous advisers, *[insert name of Tax CTPs]*, 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 You

3.1 *Note: Paragraph 3.1 is intended for use where the business accounts comprise no more than an income and expenditure account drawn up for the purpose of completing the tax return. The terms of engagement for the preparation of more extensive accounts are outside the scope of this guidance.*

[Either]

[We will prepare the income and expenditure account of your business and the income tax computations based thereon from your accounting records and other information and explanations provided by you. We will not carry out an audit of those records.]

[Or]

[We will prepare the income tax computations based on the accounts of your business from the accounting records and other information and explanations provided by you.]

3.2 We will prepare your personal tax return together with such supporting schedules as are appropriate and we will [prepare] your self-assessment of tax. / check the tax authority's computation of your tax liability.

Based on the information made available to us:

3.3 We will send to you your tax returns [business accounts, tax computations/ 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 return electronically.]

3.4 We will advise you how much tax you should pay and when. If appropriate we will initiate repayment claims when tax [has/have] been overpaid.

3.5 We will deal with the Tax authority regarding any amendments required to your return and prepare any amended returns which may be required.

3.6 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.

3.7 We will deal with all communications relating to your return addressed to us by the Tax authority or passed to us by you. However, if the Tax authority choose your return for enquiry [we will refer you to another CTP]/[this work may need to be the subject of a separate assignment in which case we will seek further instructions from you]. (*See Annex D*)

3.8 [We will check PAYE notices of coding where such notices are forwarded to us.]

4. Your Responsibilities: Provision of Information by You

4.1 You are legally responsible for making correct returns by the due date and for payment of tax on time. Failure to meet the deadlines may result in automatic penalties, surcharges 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 your 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 your affairs;
- (d) To provide us with information in sufficient time for your tax return to be completed and submitted by the [due date]/[selected date] of [...] following the end of the tax year. In order that we can do this, we need to receive all relevant information by [...]. [You have asked us to submit your self-assessment tax return by ---- (specify any date within the first three months following the year of assessment)].
- (e) To forward to us on receipt copies of all Tax authority statements of account, any notices of assessment, letters and other communications received from the Tax authority to enable us to deal with them as may be necessary within the statutory time limits; and
- (f) To keep us informed about significant changes in your circumstances if they are likely to affect your tax position.

5. Other Services and General Tax Advice

[Insert paragraphs from Annex E as appropriate]

5.1 We will be pleased to assist you generally in tax matters if you so require. To enable us to do this you will need to instruct us in good time.

5.2 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.

5.3 It is our policy to confirm in writing advice upon which you may wish to rely.

6. Excluded Services

[Adapt as appropriate. See also paragraph 5 above]

6.1 You will continue to deal with other matters required by law, such as:

- a. Pay As You Earn including yearend returns and matters relating to your employees;
- b. Employer's Annual Declaration Form H1;
- c. Obligations under (Personal Income Act);
- d. VAT returns.

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

TERMS

7. Professional Rules and Practice Guidelines

We will observe the bye-laws, 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. 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 your behalf. 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 your behalf and will return any original documents to you following preparation of your

return. You should retain them for [6] year[s] from the 1st of January following the end of the tax year. This period may be extended if the Tax authority enquires into your tax returns.]
[CTPs who retain records on behalf of clients will need to amend this paragraph]

9.2 Whilst certain documents may legally belong to you, we intend to destroy correspondence and other papers that we store which are more than six years old, other than documents which we consider to be of continuing significance. You must tell 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 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 your 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 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. Each party irrevocably waives any right it may have to object to any action being brought in those

courts, to claim that the action has been brought in an inappropriate forum, or to claim that those courts do not have jurisdiction.

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 the relevant law in force.

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 acknowledge receipt of your above letter dated *[complete]* which fully records the agreement between us relating to your appointment to carry out the work described in it.

Signed Date

[I agree that you can disclose to my spouse such details of my financial affairs as you consider necessary (see paragraph 1.2)]

Signed Date

Signed Date

(Spouse)