

TEMPLATE OF A PARTNERSHIP TAX COMPLIANCE ENGAGEMENT LETTER

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

Dear *[complete]*

PARTNERSHIP 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 your firm. We will issue separate engagement letters to individual partners where we deal with their personal affairs.

1.2 We will communicate with [...] who is the representative nominated by you in relation to the partnership's tax affairs.

2 Period of Engagement

2.1 This engagement will commence with the partnership's tax return for the year to [...].

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 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 You

Note: the terms of engagement for the preparation of partnership accounts are outside the scope of this guidance note.

3.1 We will prepare the income tax and capital gains tax computations based on the partnership accounts from the accounting records and other information and explanations provided by you.

3.2 We will prepare the firm's annual partnership return, including the partnership statement of total income, gains, losses, tax credits and charges of the firm for each period of account ending in the return period.

3.3 We will send you the income tax and capital gains tax computations and 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 return electronically.]

3.4 We will advise all the partners who were partners in the firm during the period of their respective shares of the firm's total income, gains, losses, tax credits and charges so that they are able to file their personal self-assessment tax returns within the relevant time period.

3.5 *[Include if the partnership will pay partnership tax liabilities on behalf of partners: omit if partners will meet their own tax liabilities including tax on partnership income and gains]* We will give advice to the partners so that they can inform the partnership what amounts of tax are due in respect of their partnership income and gains and we will advise as to appropriate amounts of tax to be paid and the dates by which the partnership should make the payments. In order to do this we will need to be supplied with relevant information by the partners.

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

3.7 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.

3.8 We will deal with all communications relating to the partnership return addressed to us by the Tax authority or passed to us by you. However, if the Tax authority choose the partnership tax 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)*

3.9 We will [prepare]/[help you in preparing] the tax provisions and disclosures to be included in the partnership's financial accounts.

4. Your Responsibilities: Provision of Information By You

4.1 The partnership is legally responsible for making correct returns by the due date.

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 partnership'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 firm's affairs;
- (d) To provide us with information in sufficient time for the partnership tax returns to be completed and submitted by the [due date]/[selected date] of [...] following the end of the [tax year/accounting period]. In order that we can do this, we need to receive all relevant information by [...];
- (e) To forward to us on receipt copies of all Tax authority statements of account, 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 firm's circumstances if they are likely to affect the tax position.

5. Other Services and General Tax Advice

[Insert paragraphs from Annex E as appropriate.]

5.1 We will be pleased to assist the partnership generally in tax matters [including VAT] 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 you may wish to rely.

5.3 We will be pleased also to advise the partners on their personal 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 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. Direct assessment Forms;
- c. Obligations under (the relevant Tax authority law);
- d. Returns for sub-contractors; and
- e. VAT returns.

7.2 You will deal with claims and any related appeals in respect of personal allowances and reliefs.

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

TERMS

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

9. Client Monies

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

10. Retention of Records

10.1 [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 years from 1st January following the end of the tax year. This period may be extended if the Tax authority enquire into the partnership's tax return.] *[CTPs who retain records on behalf of clients will need to amend this paragraph]*

10.2 Whilst certain documents may legally belong to the partnership, 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 must tell us if you require retention of a particular document.

11. 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].*

12. Quality of Service

12.1 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]*.

12.2 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 of Nigeria.

13. 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.]

13.1 Our charges are computed on the basis of fees for the time spent on the partnership'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.

13.2 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.

14. Limitation of Liability

14.1 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.

14.2 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.

14.3 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.

15. Electronic Communication

As internet communications are capable of data corruption we do not accept any responsibility for changes made to such communications after its 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.

16. Applicable Law

This engagement letter is governed by, and construed in accordance with, [English] [*amend as appropriate*] law. The Courts of [Nigeria] 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.

17. 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 law.

18. Agreement of Terms

18.1 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.

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

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

Yours etc.,

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

Signed

Date