

**February 15, 2020**

**Re: Tax Preparation and Filing Service – 2020**

I thank you for allowing me to prepare your 2019 personal tax return. Please ensure you read this letter carefully, include all signatures listed at the end, and return it to me at your very earliest convenience. I will not start any work on your tax return until this letter is signed and returned to me as it is set out to clearly define our respective responsibilities in the preparation of your personal income tax return(s).

**Required Information**

I will prepare your 2019 personal income tax return based on information that you provide to us. I will not audit or otherwise verify the data you submit, although we may ask you for clarification of some of the information. It is our responsibility to prepare your tax return correctly according to the law and the information that you have provided. **It is your responsibility to provide me with all the information required to prepare complete and accurate returns**. You should retain all the documents, cancelled cheques and other data that form the basis of your income and deductions. These may be necessary to prove the accuracy and completeness of the return to CRA. You have the final responsibility for the income tax return and, therefore, you should review it carefully before you sign it. You may have received our checklists to guide you in gathering the necessary information for us. **Your completion of these forms will assist us in keeping our fee to a minimum**.

As part of the information reported in your return, you are required to include details with respect to the ownership of all your assets in foreign countries which exceed CAD $100,000 (i.e. foreign bank accounts, other indebtedness, shares of foreign corporations, real and other tangible property situated outside Canada, etc.). I will assume that you have no such possessions if you do not provide any information.

Unless informed differently, I am not aware of any illegal or possibly illegal acts for which you have not disclosed to me all facts related thereto.

**It is important that you provide ALL information slips for your tax return because the Canada Revenue Agency's (CRA's) slip-matching process is very accurate. In certain circumstances, unreported income can be subject to penalties.** In addition, the law imposes various penalties when taxpayers understate their tax liability. If you would like information on the amount or circumstances of these penalties, please contact us. CRA may select your return(s) for review. Often they request copies of your receipts and other times they may require a full audit. Any adjustments proposed by CRA are subject to certain rights of appeal. In the event of such tax examinations, we will be available upon request to represent you. We will render additional invoices for the time and expenses incurred in these situations.

**Electronic Filing (e-filing)**

The CRA requires all tax preparers in Canada to e-file all tax returns on behalf of their clients. I adhere to this requirement. There are cases where a return will not qualify for electronic transmission for technical reasons. Should this apply to you, I will inform you of the need to paper-file your return, and make arrangements for timely filing.

**Consent to E-File (Form T183)**

Prior to e-filing a tax return, I am required by the CRA to obtain a signed consent form (T183) from you (as well as for each member of your family for whom we are also preparing a return). Please ensure you are available to provide me with the signed form, enabling me to file your return on a timely basis. If you do not provide me with signed forms T183 prior to April 30, your return may be filed late, resulting in late-filing penalties.

**Confidentiality**

One of the underlying principles of the profession is a duty of confidentiality with respect to client affairs. Each professional accountant must preserve the secrecy of all confidential information that becomes known during the practice of the profession. Accordingly, we will not provide any third party with confidential information concerning your affairs unless:

• We have been specifically authorized with prior consent;

• We have been ordered or expressly authorized by law or by the *Rules of Professional Conduct/Code of*

*Ethics*; or

• The information requested is (or enters into) public domain.

Our business respects the privacy of personal information, that is, information that identifies you as an individual, or that is associated with such identifying information. By engaging our services, you agree to provide personal information necessary for us to meet your service requests.

Before you provide us with any personal information on behalf of others, you agree that you will have obtained consent for collecting, using and disclosing this information, according to privacy legislation.

We want you to know that we will not rent, sell, or otherwise make your personal information, including contact information, available to any third-party without your permission. We use your information to complete your service requests, to inform you of changes in our business or service offerings, and to maintain our professional correspondence with you.

We follow rigorous privacy practices and we invite you to contact our office if you would like additional information about these practices.

**Communications**

In performing our services, we will send messages and documents electronically. As such communications can be intercepted, misdirected, infected by a virus, or otherwise used or communicated by an unintended third party, we cannot guarantee or warrant that communications from us will be properly delivered only to the addressee. Therefore, we specifically disclaim, and you release us from, any liability or responsibility whatsoever for interception or unintentional disclosure of communications transmitted by us in connection with the performance of this Engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from such communications, including any that are consequential, incidental, direct, indirect, punitive, exemplary or special damages (such as loss of data, revenues or anticipated profits).

If you do not consent to our use of electronic communications, please notify us in writing.

**Fees for Services**

An invoice indicating my fees will be provided with your return and is payable upon receipt. For your convenience, invoices may be paid by cheque, email money transfer, or by interact or credit card at my office or direct through our software which will also electronically send you a bill. I would be happy to provide an estimate of my fee in advance of preparation of your return. Please note that my fee for the preparation of your return(s) does not include any representations made by the firm in the event of an audit by a government tax authority nor does it include various requests by a government tax authority for documents and slips subsequent to the filing of your return, detailed research exercises which are specific to your situation and follow up time with respect to erroneous assessments by a government tax authority. One invoice will be issued, which will include the aggregate fees applicable to all the returns we have prepared on your behalf.

**CRA Requests for Receipts**

As indicated previously, your tax returns will be e-filed with CRA. As part of its administrative procedures, CRA, on a sample random basis, subsequently requests receipts from certain taxpayers to corroborate certain information reported in the tax return. This process is not considered a CRA audit of your return. You are required to respond to these requests in a timely fashion or they will disallow claims made and reassess a balance owing. As stated above, all your original documents will be returned to you, thereby enabling you to respond to such requests with relative ease. Typically, these requests occur in the summer and fall months. If you are planning extensive travels, please ensure someone has access to your mail, with particular attention to correspondence from the CRA.

**CRA Audits**

In my opinion, the CRA is increasingly active with full scope audits of certain areas of taxpayer’s tax returns (real estate; business; carrying charges; etc.). When asked to provide assistance in such situations, it is understood that I will be billing you at my standard hourly rate of $150/hour. I suggest you keep this in mind when seeking my assistance with CRA matters in order to avoid unpleasant surprises. Because of the uncertain nature and unpredictability of CRA audits, I will not be able to provide fixed fee estimates at the start of the audit. My fees to prepare your tax return exclude any services pertaining to CRA audits, objections, appeals, etc. As an additional service to our clients we have partnered with Accountancy Insurance in this regards. If you are interested in this program and have not received correspondence with an invitation to participate, please let us know.

If you are in agreement with the above noted terms, please sign and date this letter below and return it to me. If you have any questions concerning this matter, please do not hesitate to contact me.

Yours very truly,



**Kristen McGowan, CPA, CA**
**McGowan Professional Corporation
Chartered Professional Accountant

Conclusion**

This engagement letter includes the relevant terms that will govern the Engagement for which it has been prepared. The terms of this letter supersede any prior oral or written representations or commitments by or between the parties. Any material changes or additions to the terms set forth in this letter will only become effective if evidenced by a written amendment to this letter, signed by all of the parties.

If you have any questions about the contents of this letter, please raise them with us. If the services outlined are in accordance with your requirements, and if the above terms are acceptable to you, please sign the copy of this letter in the space provided and return it to us.

We appreciate the opportunity of continuing to be of service to you.

I agree with the terms and conditions as set out in this engagement letter. This section must be signed by the main contact person(s), retaining McGowan Professional Corporation for personal tax services.

Name: Date

Name: Date