

# LOTT & COMPANY

PROFESSIONAL CORPORATION

February 4, 2019

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(print name and address)

Dear \_\_\_\_\_:

The purpose of this letter is to set out a clear understanding of the nature of our involvement as the preparer of your (and your family's) personal income tax return(s) for 2018 and your responsibilities as the taxpayer.

**It is understood and agreed that your responsibility as the taxpayer is as follows:**

- (a) The accuracy of the information and completeness of the representations reflected in your return is your responsibility under the Income Tax Act. You represent that the information supplied to us is, to your knowledge, correct and complete, and fully discloses all of your reporting requirements under the Income Tax Act;
- (b) You confirm that you have provided us with all income and deduction items to be included in your tax return and that they are correct and complete. You confirm that all sources of income have been disclosed, all deductions were incurred to earn income, and all credits claimed are supported by receipts;
- (c) All business (including commission, farming, and professional incomes) and rental schedules present the results of operations and include all material transactions;
- (d) All income and benefits from employment have been reported, whether or not they are on the T4 slips;
- (e) All income from investments (whether received or not) have been reported, whether or not they are on T3 and T5 slips;
- (f) All dispositions of a capital nature, and their costs, have been reported;
- (g) All estimates for personal use of automobile, business portion of residence, and other such estimates you have provided are reasonable and supported by usage logs and other evidence;
- (h) If you owned certain property outside of Canada totalling more than \$100,000 at any time during 2018, it may be necessary for you to declare such ownership in your tax return(s). There are substantial fines and penalties for non-compliance. Check **one** of the following:

CHARTERED PROFESSIONAL ACCOUNTANTS

500 Cochrane Drive Unit #5, Markham, ON L3R 8E2

Tel: 905 947 4388 • Fax: 905 947 8399 • Toll Free: 888 644 3970 • E-mail: info@lottaccounting.ca • www.lottaccounting.ca



You confirm that you did not, at any time in the year 2018, own or hold beneficial interests in specified foreign property totalling more than \$100,000. \_\_\_\_\_

**OR**

You confirm that you have provided us with the correct and complete information with regards to ownership of, or beneficial interests in, specified foreign property as reported on the Foreign Income Verification Statement (T1135) and you have fully disclosed the related foreign income. \_\_\_\_\_

- (i) You are not aware of any illegal or possibly illegal acts for which you have not disclosed to us all facts related thereto.

**It is understood and agreed that our role as your tax return preparer is as follows:**

- (a) We will not audit, review or otherwise attempt to verify the accuracy or completeness of any information provided. It is up to you to provide us with accurate and complete information necessary to prepare such personal income tax return(s);
- (b) Your (and your family's) personal tax return(s) will include the following statement "*Prepared without audit or review from information provided by the taxpayer*" along with our firm name identified as the preparer of your tax return; and
- (c) If the income tax return(s) contains any business or rental forms or schedules for which we compile the figures, we will include with such forms or schedules a "Notice to Reader" report in the following form:

**NOTICE TO READER**

*We have compiled [describe form or schedule] from information provided by [name of the taxpayer]. We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information. Readers are cautioned that [described form or schedule] may not be appropriate for their purposes. [The accounting firm performed the bookkeeping for the Company.]*

**LOTT & COMPANY PROFESSIONAL CORPORATION**

Markham, Ontario  
Date

Authorized to practise public accounting by the  
Chartered Professional Accountants of Ontario

Should you have reason to circulate such forms or schedules with or separate from the income tax return, you agree that this report shall also be included with the circulated document and that you will provide us with the name(s) of the party (or parties) to whom they are circulated.

**Canada Revenue Agency ("CRA") Direct Deposit**

You will need to advise the CRA of any changes to your direct deposit arrangement. Please understand that we do not track bank account numbers on file with CRA. It is your responsibility to notify CRA of any changes to your banking information. We are not responsible for any CRA deposit errors or your failure to notify CRA of changes in your banking information.

## **Privacy Issues**

Our firm will be provided with certain personal information regarding you and your family, if applicable, during the course of preparing the personal tax returns and any related accounting schedules. By providing this personal information to us, you and your family members, if applicable, are consenting to the use of this information for purposes of our firm performing the agreed upon work, for the on-going management of your account and for the forwarding of our firm's periodic newsletter or other information that we consider may be relevant or informative to you.

In certain instances, our firm may be provided with personal information regarding the employees, customers and suppliers of any business that you or your family members may be involved in. Such personal information may be provided to our firm for purposes of preparing government reporting forms or other outsourced functions of the business. By providing such personal information to our firm, we are assuming that you or your family members, if applicable, obtained the necessary consents regarding use of such information from the affected parties.

## **Suspicious Transactions**

Pursuant to the Proceeds of Crime (Money Laundering) and Terrorist Financing Act, all accountants in Canada are required, in certain circumstances, to report any "suspicious transactions" to the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC), a government agency. Suspicious transactions are transactions which may relate to money laundering and the financing of terrorist activities.

## **Civil Penalties**

You hereby agree to indemnify, defend (by counsel retained and instructed by us) and hold harmless Lott & Company Professional Corporation and its partners, agents or employees, from and against any and all losses, costs (including solicitors' fees), damages, expenses, claims, demands or liabilities arising out of or in consequence of:

- The breach by you or your family members of any of the covenants made by you herein, including, without restricting the generality of the foregoing, the misuse of, or the unauthorized dissemination of, our engagement report or the financial statements in reference to which the engagement report is issued, or any other work product made available to you by our firm; and
- The services performed by Lott & Company Professional Corporation pursuant to this engagement, unless, and to the extent that, such losses, costs, damages and expenses are found by a court of competent jurisdiction to have been due to the negligence of Lott & Company Professional Corporation. In the event that the matter is settled out of court, we will mutually agree on the extent of the indemnification to be provided by you.

## **Tax Payments and Remittances**

In certain instances, our firm will be requested to forward tax or other such payments to tax authorities on behalf of you and your family. This may include personal tax payments or instalments, payroll tax remittances, including source deductions, EHT or WSIB payments, or GST/HST or other sales tax remittances. We will provide this service for your convenience, but our firm takes no responsibility for delivery delays by the post office or courier company or processing delays experienced at the taxing authority. We will not reimburse you for any interest charges or late-filing penalties due to such delays that are beyond the control of our firm.

## **Scheduling of the Work**

If we have been provided with the information to prepare your income tax returns after the filing deadline, we will make every effort to fit this work into our schedule to minimize late filing penalties and interest charges. However, please be advised that we must give priority to our clients with current filing deadlines if any scheduling conflicts arise.

## **Fees**

Our fees for preparing your income tax return(s) will generally be billed upon completion of the return(s). If there is undue delay in receiving information or complications experienced, a progress billing may be issued at our discretion. If there have been previous collection issues or we are preparing returns that are in arrears, a deposit will be requested prior to commencement of our work. Our fees for preparation of the return(s), including any accounting work required, is based on the complexity of the work involved and the time incurred to complete. Accounting, tax, will and estate planning assistance, advice and consultations will be billed separately at our standard billing rates. It is agreed our invoices will be paid upon receipt. Interest will be charged at 1% per month on any unpaid amounts. If you would like to pay by VISA, please complete the VISA card information below.

## **Limitation of Liability**

In any action, claim, loss or damage arising out of the engagement, you agree that Lott & Company's liability will be several, and not joint and several and you may only claim payment from Lott & Company of Lott & Company's proportionate share of the total liability based on the degree of fault as finally determined. Any action against us must be commenced on or before the date which is the earlier of (i) eighteen months from the completion of our services; and (ii) the date by which an action must be commenced under any applicable legislation other than limitation legislation. The total liability assumed by Lott & Company for any claim, loss or damage arising out of or in connection with this engagement, regardless of the form of action, claim, loss or damage, be it tort, contract or otherwise, shall in no event exceed the aggregate of the professional fees paid to Lott & Company for that portion of the services with this engagement, that has given rise to the claim. In addition, Lott & Company shall not under any circumstances be liable for any special, indirect or consequential damages including without limitation, lost profit or revenue.

## **Canada Revenue Agency Inquiries, Audits and Assessments**

Our time to review Notices of Assessment, Notices of Reassessment and Statements of Account issued by the taxing authorities are not included in our preparation fee. In addition, CRA often performs audit and inquiry procedures regarding tax information that has been filed as part of their normal verification procedures. Similarly, our time for reviewing and responding to these requests is not included in our preparation fee. We will bill our time incurred, at our standard hourly rates, for the review and response to CRA when such services are provided.

We recommend that you review all correspondence received from CRA carefully. If there are any differences between assessments issued and returns filed, you should forward the correspondence to us immediately as there are time limits for objecting to assessments and reassessments issued. We strongly recommend that any CRA inquiries be referred to us, so that your tax filing position can be properly represented to CRA.

In the event we are required by government regulation, subpoena or other legal process to produce our documents or personnel as witnesses with respect to our engagements for you, you will, so long as we are not a subject of the investigation or proceeding in which information is sought, reimburse us at our standard billing rates for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

If you have any questions about the contents of this letter, please call us. If the services outlined are in accordance with your requirements and if the above terms are acceptable to you, please sign this letter in the space provided and return it to us prior to our commencement of preparing your personal tax return(s). We appreciate the opportunity to be of service to you (and your family) in the preparation of your personal income tax return(s).

Yours truly,

*Lott & Company Professional Corporation*

The services and terms as set out above are agreed. As well, I acknowledge and accept my responsibilities as the taxpayer as outlined above.

\_\_\_\_\_ Date: \_\_\_\_\_, 2019  
(Signature)

VISA / M/C #: \_\_\_\_\_ Expiry date: \_\_\_\_\_

If there is a tax balance owing on my return, I will make the payment using the following option:

- On-line payment \_\_\_\_\_
- Payment at the bank \_\_\_\_\_
- Mail a cheque to CRA \_\_\_\_\_

If you would like access to your notice of assessments and reassessments online, please provide your email address.

\_\_\_\_\_  
Email Address