

## Terms Of Engagement

### SAMPLE LETTER OF ENGAGEMENT - TAXATION SERVICES FOR COMPANIES

Below are sample paragraphs that can be incorporated in a letter of engagement which can serve as a guide for members when drafting their respective letters of engagement as a tax agent or adviser. Members are advised to make the relevant changes and modifications to suit their particular needs and circumstances.

#### C2-200 INTRODUCTION

*We would like to thank you for appointing our firm as your tax agent. We are pleased to confirm our acceptance of the said appointment and set out below are the terms of this engagement for your approval. "*

#### C2-300 TERMS OF ENGAGEMENT

*The primary responsibility for ensuring that the information provided to the Inland Revenue Board (IRE) is complete and accurate rests solely with the Company. As your tax agent, our scope of services are as follows:*

Year of Assessment (Y A)\_\_\_\_\_ (to be filled up accordingly) and  
Subsequent Year of Assessment (Self Assessment)

*In respect of the estimated tax payable which has to be furnished to the IRB in the prescribed form, we shall obtain from you, your estimated tax payable for the YA \_\_\_\_\_ and subsequent years of assessment and revise these estimates if you so require. Currently, under the provisions of the Income Tax Act 1967 (ITA), the prescribed form should be submitted not less than 30 days before the commencement of the basis period for a YA, or any other time frame as approved by the IRB, and the revision has to be made in the sixth month or ninth month of the basis period for that YA.*

*We shall prepare your tax returns for each YA based on the information provided by you and submit them to the IRB. Under the ITA, the returns should be submitted within six (7) months from the date of the close of the Company's financial year.*

*The tax returns and computations will be forwarded to you for your comments and approval prior to submission of the returns to the IRB. We shall advise on the amount of corporate tax to be paid and the dates by which the Company should make the payments. If appropriate, we shall assist in claims for refunds, if tax has been overpaid. Please note, however, that the Company is legally responsible for the payment of tax on time for each year of assessment. "*

## **Sample Engagement Letter**

### **C2-400 OTHER SERVICES OFFERED**

*"We also offer the following services at your request, upon terms and fees to be mutually agreed upon:*

*(a) We will be pleased to assist you in preparing a provisional tax computation based on your forecast results for the relevant financial years for the purpose of computing the estimated tax payable for YA \_\_\_\_\_ and subsequent years of*

*(b) Under the SAS, the tax returns may be subject to field audits by the IRB. Where an audit occurs, your Company may be requested to produce documents, accounting records or other evidence to support the income tax returns lodged. In this context, we could assist you in attending to the queries of the IRB.*

*(c) We will also be pleased to provide other tax consulting services. "*

### **C2-500 COMPANY'S RESPONSIBILITY PURSUANT TO THE ENGAGEMENT.**

*"It is the statutory responsibility of each taxpayer to ensure that all returns of income are correct. The responsibility for compliance with the provisions of the IT A lies with the Board of Directors of the Company and as such, this responsibility cannot be delegated to a tax agent. You should supply us with full details of all sources of income together with full information of any expenses or allowances, which may be available for tax relief Please also inform us of any significant changes in the circumstances of the Company. Before signing your tax return, please ensure that it is complete and correct to the best of your knowledge and belief.*

*We wish to highlight for your attention that it is not within the scope of our duty or responsibility as your tax agent to verify the accuracy and correctness of the information. and documents provided to us. As your tax agent, we are not responsible for any understatement of tax liability of the Company due to incomplete, inaccurate or incorrect information/documents provided to us. Please ensure that all relevant documents and information are provided to us promptly (i.e. \_\_\_weeks before filing deadlines) to enable us to meet the filing deadlines and to support or explain the claims made in the tax computation.*

*We cannot be held responsible for any consequences arising from any delay or refusal on the part of the directors/Company to sign the relevant documents or to advise us of transactions and information necessary for the proper performance of our duties. The Company shall be responsible for payment of the tax due in each year of assessment. "*

## **Agreement To Terms Of Engagement**

### **C2-600 PROFESSIONAL INDEMNITY**

*“You agree to indemnify and release us and our personnel from any claims, liabilities, costs and expenses arising from and relating to the services provide pursuant to this engagement except for any liability resulting from gross negligence or intentional and deliberate misconduct of our firm or its personnel.*

*You will also release us and our personnel from any claims, liabilities, costs and expenses relating to the services provided pursuant to this engagement attributable to any misrepresentations made by you.*

*Our maximum liability shall not exceed \_\_\_\_\_ times the amount of fees paid for the services relating to our engagement.”*

### **C2-700 ETHICAL GUIDELINES**

*“We are bound by the ethical guidelines of the relevant professional body and accept instructions to act for you on the basis that we will act in accordance with those ethical guidelines.”*

### **C2-800 RETENTION OF RECORDS**

*“Upon completion of our work, we will return to you all original documents provided by you to us.*

*Whilst certain documents may legally belong to the Company, we do not intend to retain correspondence and other papers which are more than 7 years old. If you would like us to retain any specific documents, please inform us in writing.”*

### **C2-900 FEES**

*“Our fees shall be invoiced as work progresses and shall include all disbursements, government service tax and out-of-pocket expenses. Our fees are based on the degree of responsibility and skill involved and time spent. Our fee for the proposed services set out above is estimated to be RM*

*Separate fees will be charged for additional services rendered including any protracted dealings with the IRB.*

*Our invoices are payable upon presentation.”*

## **C2-1000 REGULATORY REQUIREMENTS**

*"We are obliged to make available our files to the regulatory authorities in the exercise of their powers."*

## **C2-1100 AGREEMENT TO TERMS OF ENGAGEMENT**

*"This letter supersedes any previous engagement letter or agreement covering the same period and will remain effective until terminated in writing by either party hereto. If you agree to the terms of our engagement set out above, please sign and return the attached copy of this letter to us. "*

## **C2-1200 ACCEPTANCE**

*"We agree to the terms of your engagement as set out above."*

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*For and on behalf of*

*Name: Date:*

