

# TAX ASSIGNMENTS – PART 2

Norrie & Daughters

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## Tax Assignments Only - Specific Terms and Conditions

### 1.0 Introduction

- 1.1 This document contains the Specific Terms and Conditions (**Terms**) that apply to all Tax Assignments undertaken by Norrie & Daughters and its staff, agents or contractors and is to be read in conjunction with Part 1 General Terms and Conditions
- 1.2 You do not need to sign these Terms, acceptance of these Terms is deemed to occur when you engage us for the provision of any insolvency engagement service provided by Norrie & Daughters.
- 1.3 These Terms supersede all previous arrangements (whether written, oral or both).
- 1.4 Our Terms are divided into parts:
- a) Part 1 contains our General Terms and Conditions (**General Terms**) and these apply to all service engagements and products;
  - b) Part 2 is made up of terms specific to certain clients, service engagements or products (**Specific Terms**). Specific Terms are contained in separate documents.
- 1.5 The Terms set out in this Part are additional Terms or altered terms to the General Terms set out in Part 1 and where there is any conflict between the Terms in Part 1 to the Terms in Part 2 the Terms in Part 2 prevail.
- 1.6 **Your agreement to our current Terms:** Acceptance by you of our Terms will in respect of Tax Assignments will occur upon you signing either in written or electronic style a Tax Agency form appointing Norrie & Daughters as your tax agent or you otherwise appoint us to provide tax services. If we are also your tax agent then these terms prevail over the terms set out in Part 2 - Accounting & Related Services – Letter of Engagement - Specific Terms and Conditions but only in relation to the Tax Assignment.

### 2.0 Interpretation

- 2.1 **Taxpayer:** means the person or entity for whom Norrie & Daughters holds a signed tax agency appointment
- 2.2 **CIR:** means the Commissioner Inland Revenue

- 2.3 **Conflict between Terms:** If any of the General Terms conflict with any Specific Terms, the Specific Terms will prevail.
- 2.4 **IR/IRD:** means Inland Revenue or Inland Revenue Department respectively.
- 2.5 **Professional services:** means any services in which a member is required to use professional expertise on behalf of a client, irrespective of whether payment is received for this work.
- 2.6 **Tax Assignment:** means any tax work not covered by Part 2 Accounting & Related Services – Letter of Engagement - Specific Terms and Conditions and as by way of example tax assignments include: tax investigations and audit, tax planning, tax advice on new ventures or tax positions being considered by you, providing expert witness evidence and tax barrister instruction and litigation management in relation to tax matters.
- 2.6 **You:** means the taxpayer.
- 2.7 **We, us, our:** means Norrie and Daughters and any staff, agents or contractors engaged by Norrie & Daughters and working on the tax assignment.

### 3.0 Tax Engagement

- 3.1 **Services Covered:** The services that we may be required to deliver as part of this engagement include:
- (a) Preparation of tax returns and supporting schedules for past and current years;
  - (b) Preparation of amended tax returns and supporting schedules for past and current years;
  - (c) Review of notices of assessment and submission of appeals;
  - (d) Recommendations with respect of instalment payments;
  - (e) Tax planning advice with respect to specific tax situations;
  - (f) Tax advice specific to an identified transaction;
  - (g) Identifying and verifying tax debt and negotiating with IR for agreement on tax debt owed and repayment plans;
  - (h) Tax investigation and/or audit by CIR;
  - (i) Tax dispute and negotiation of settlements;
  - (j) Remission of penalties imposed by CIR;
  - (k) Instructing through our solicitors a tax barrister and litigation management of tax matters.
- 3.2 **Tax Returns:** Income tax law imposes a penalty if a taxpayer makes a substantial understatement of its tax liability. Before completing preparation of the return(s), we will discuss with you the tax positions that may significantly increase the risk of exposure to penalties. Penalties include:
- |                                          |                                     |
|------------------------------------------|-------------------------------------|
| ■ Failure to take reasonable care:       | 20% of the resulting tax shortfall  |
| ■ Adopting an unacceptable tax position: | 20% of the resulting tax shortfall  |
| ■ Gross carelessness:                    | 40% of the resulting tax shortfall  |
| ■ Adopting an abusive tax position:      | 100% of the resulting tax shortfall |
| ■ Evasion:                               | 150% of the resulting tax shortfall |
- 3.3 **Examination of Tax Returns:** All returns are subject to examination by the CIR. In the event of such examination, you may be requested to produce documents, records, or other evidence to substantiate the items of income and deduction shown on the tax return. If an examination occurs, we will be available, upon request, to assist or represent you.

3.4 **Irregularities:** Our work in connection with the preparation of the tax return(s) does not include any procedures designed to discover defalcations or other irregularities, should any exist. There are obligations in law on taxpayers including:

- Particular laws of relevance, such as those relating to deductibility of expenses; and
- The need to maintain receipts and supporting documentation.

## 4.0 Other Terms

4.1 **Authority to Communicate with CIR:** In tax matters, Norrie & Daughters are authorised to enter into correspondence with IR and its advisers or counsel on behalf of the taxpayer. Copies of all major correspondence on behalf of the taxpayer will be sent to the taxpayer or their nominated agent as the correspondence occurs or as soon thereafter as practicable or upon request, depending on your preference.

4.3 **Instructions on Behalf of Company:** In all tax matters affecting a company, instructions will be treated as coming from that company and its shareholders and directors and the we may recover our fee from all and any of them.

4.4 **Fee Estimates:** The nature of tax assignments is such that it is not practicable to provide a quote. We will provide a fixed fee if requested and we will provide services up when our account matches that fee and then we will cease work on the assignment or we may continue to provide services at our option. Based upon what you tell us, instruct us and our knowledge of similar assignments we will provide you an estimate of what we think the assignment may cost you.

4.5 **Fixed Fee Assignments:** If we have agreed to carry out a tax assignment for a fixed fee then it is understood and agreed that we will tailor our professional services in a cost-efficient manner so as not to incur fees that exceed the agreed fixed fee however in doing so we may not be able to address all of the matters arising in the course of the assignment however we will do our best to obtain a reasonable conclusion to the assignment by choosing what we believe to be the best approach. You agree that you accept that as a result of a fixed fee assignment Norrie & Daughters may not be able to achieve the best results and you indemnify Norrie & Daughters against any claim for negligence by you or your agents, assigns or successors.

4.5 **Engagement of Solicitor or Tax Barrister:** If we are required to instruct a solicitor or counsel then we will ensure that they are instructed in accordance with their obligations under the Lawyers and Conveyancers Act 2008 ("**Act**"), the Rules of Conduct and Client Care ("**Rules**") under that Act.

4.6 **Resources:** We will ensure that we have adequate expertise and resources for the type and size of the tax assignment, or the capacity to call in that expertise and those resources as needed.

4.7 **Quality Assurance:** We have policies, procedures and systems in place to ensure effective quality assurance.

4.8 **Compliance Management:** We have policies, procedures and systems in place to ensure effective compliance with legislation, our fiduciary obligations and the requirements of any applicable professional standard or code.

4.9 **Risk Management:** We have policies, procedures and systems in place to ensure effective management of risk associated with each insolvency engagement.

## 5.0 Fees and Retainer

- 5.1 Part 1 (General Terms and Conditions) section 4 (Fees) parts 4.2; 4.4 and 4.6 are replaced by this section.
- 5.2 **Calculation of our fees:** Subject to clause 5.4 our fees are generally calculated on the time expended by us. Wherever possible the work will be carried out by a person at the most appropriate level to carry out the work in a competent and cost-effective manner, the interests of the creditors being paramount.
- 5.3 **Units of Charging:** Time based fee calculations are recorded electronically in 0.1 decimals of an hour.
- 5.4 **Other factors we may consider:** In addition to the above factors which may be taken into account in determining the reasonableness of a fee in respect of any service provided by us to you include:
- (a) the time and labour expended:
  - (b) the skill, specialised knowledge, and responsibility required to perform the services properly:
  - (c) the importance of the matter to you and the results achieved:
  - (d) the urgency and circumstances in which the matter is undertaken and any time limitations imposed, including those imposed by you:
  - (e) the complexity of the matter and the difficulty or novelty of the questions involved:
  - (g) the experience, reputation, and ability of our staff:
  - (h) any quote or estimate of fees given by us to you in writing:
  - (k) any fee agreement (including a conditional fee agreement) entered into between us and you:
  - (l) the reasonable costs of running our practice:
  - (m) Third party services: Where we are required to engage third party services on your behalf (for example a lawyer) for which we are responsible for the cost of those services then we will add a margin of ten percent with a minimum charge of one hundred dollars onto to those costs when we bill you. We may require you to deposit funds into our trust account to cover third party services.
- 5.5 **Disbursements:** We will also charge for any disbursements incurred during the provision of the Services. We will provide you with information of disbursements including general information on the different classes of disbursements and the amount of disbursements by category and a declaration that the disbursements were necessary and proper.
- 5.6 **Administration fee:** In order to cover minor but ongoing costs that would normally be recorded as a minor disbursement, such as, photocopying, files, photography, postage, stationary, storage of records, tea and coffee at creditor or shareholder meetings and similar other minor expenses, in order to reduce our time accounting for such we charge an administration of fee to cover sundry administrative disbursements at the rate of 4% of our fees. This we find generally more fee in our invoices.
- 5.7 **Retainer:** The nature of tax work generally requires that we obtain a suitable retainer which we will hold in our trust account before we will commence work on your instructions. The minimum retainer is \$5,000 unless otherwise agreed and may be more. Details of the retainer required to be paid is set out at clause 7.4
- 5.8 **Tax Debt That May Result in Bankruptcy:** In tax debt cases involving the potential for the bankruptcy of an individual or the liquidation of a company, the retainer will not normally be less than **\$10,000** and could be more. In such a case the retainer and other

fees should be paid by a person or through an entity not subject to the threat of bankruptcy or liquidation.

- 5.9 **Use of Retainer:** Once paid, the retainer will be held by Norrie & Daughters on trust and may not be returned if the assignment has not been completed or an account has been issued for our fees. The retainer may be held as a surety for the payment of our fees or may be applied in or towards payment of those fees upon an invoice being issued, at our option.
- 5.10 **GST:** All our fees are quoted excluding GST.
- 5.11 **“Headline” Hourly Rates:** Directors and Associate directors skilled in matters related to the assignment will be charged at between \$250 and \$500 per hour plus GST depending on their experience. Work delegated to junior staff or assistants will be charged at a rate between \$80 and \$180 per hour plus GST.

## 6.0 Billing and Payments

- 6.1 **Guarantees:** For certain tax assignments, we may require a personal guarantee.

## 7.0 Specific Conditions Applicable to Your Instructions

- 7.1 **Taxpayers legal name:**
- 7.2 **Taxpayers Tax File Number:**
- 7.3 **Our Understanding of Your Instructions:**
- 7.4 **Retainer Required to Be Paid: \$**
- 7.5 **Fixed Fee Assignment?**                      YES      NO
- Amount of fixed fee: \$
- 7.6 **Estimate of Costs:**

A reasonable and considered estimate of fees and other costs likely to be incurred on our understanding of the instructions is from \$ to \$ plus GST.

You are welcome to discuss our estimate with us and we will do our best to meet your budgets by adjusting the services provided or altering the instructions.