

FAJ Engagement Fact Sheet

This fact sheet confirms our understanding of the terms and scope of our engagement to prepare your Individual Personal Income Tax Return annually and lodge the return with the Australian Taxation Office (ATO).

About Francis A Jones (FAJ)

FAJ is a recognised leader in the preparation of Individual Tax Returns (ITR). We have a reputation for delivering the best results to individuals and families that has been forged over more than 85 years of business.

Our team are degree qualified and highly experienced in preparing income tax returns.

Preparation

We will be appointed as your tax agent and place you on our lodgement program with the ATO. This allows us to access information from the ATO via the Tax Agents Portal and generally allows you a longer period of time to lodge your ITR. We will prepare your ITR from information that you provide to us. If you have provided us with all the information needed, it is usually possible for your returns to be completed at your appointment. If this is not possible, we will send the prepared returns to you for checking and signature together with a copy for your records and an estimate of tax payable or refund due.

Responsibilities

To help us prepare your ITR, you will need to provide all information which may be relevant. You are responsible for the accuracy and completeness of the information provided. Under the tax law, you are obliged to keep complete and accurate records, and to retain these for five years.

The tax system operates on a self assessment basis. However, the ATO may amend your tax notice of assessment at some future time, subject to statutory time limits. Accordingly you should check the prepared ITR for accuracy and completeness before signing.

Information provided to us is subject to strict confidentiality requirements. Information will not be disclosed to third parties except as required by law or with your consent or at your request. If we collect personal information we will handle it in accordance with the privacy Act 1988.

Quality Assurance

FAJ's system of quality control has been established and maintained with the relevant APESB standard. As a result our files may be subject to review as part of CPA Australia's review program.

By accepting our engagement you acknowledge that our files relating to this engagement will be made available for review if requested.

Refunds

We lodge all tax returns electronically so that you receive your refund in the fastest possible time. Most refunds are received within 14 working days or less. Your refund will be deposited directly into your nominated bank account and we recommend you double check the amount deposited into your bank account against the notice of assessment which we will send to you once processed.

Please note that the ATO may take longer to issue your refund, and we cannot control this process, but we will gladly ring the ATO to check on the progress on your behalf.

Fees

Our current fees for preparing standard individual tax returns are available at faj.com.au. Where returns require non-standard inclusions such as rental properties, capital gains or business income, additional charges may apply based upon the complexity of the tax return.

Upon completion of your tax return you will be forwarded an invoice electronically and provided with a number of convenient payment options.

Ownership of documents

The final income tax return, together with any original documents given to us by you, is your property. Any other documents brought into existence by us including working papers and copies of tax returns will remain our property.

Thank you for choosing FAJ to prepare your tax returns. Please contact us immediately if you do not understand any of the terms of this fact sheet. Accepting our services indicates that you understand and accept the arrangements. This information will be effective for future engagements unless we advise you of any change.

We look forward to assisting you with your tax returns for many years to come.

Substantiation of Work Expenses

What is a deductible expense?

An expense is incurred for a deductible purpose if the expenditure is made in the course of earning your assessable income, salary and wages, and it is not private, domestic or capital in nature. Examples of private expenses which are generally not deductible would include travel to and from work everyday and buying your lunch at work.

An expense is only deductible if it has a sufficient connection or nexus to your assessable income, such as teaching aids for a teacher, or steel capped boots for a construction worker.

Substantiation requirements

The substantiation legislation requires that you provide proof of your work expenses claimed in your tax return.

Substantiation means that:

You must get written evidence (eg a receipt) from the supplier of the expense being claimed. The written evidence must be retained for at least 5 years, but does not need to be lodged with the Taxation Office. It must include:

- The name of the supplier
- The type of goods/services purchased
- The date the expense was incurred
- The amount expressed in the currency it was incurred
- The day it was made out

There is no need to obtain written evidence from the supplier if the expense is \$10 or less and the total of such expenses is less than \$200. For these expenses you may instead make a record of the expense.

Your record of expenses in a diary or travel itinerary, would also be sufficient to satisfy the substantiation legislation if it is unreasonable to insist on a supplier's document. These expenses may be over \$10 and they do not count towards the \$200 limit.

Your annual payment summary from your employer can be used as evidence of expenses where the total of these expenses is shown on the summary. Examples of such expenses include union fees and workplace donations.

Your requirement to substantiate work expenses does not apply when the total expenses (including laundry expenses) totals \$300 or less. But if the total amount of expenses exceeds \$300 then you are required to substantiate all of the expenses. The following expenses are not taken into consideration when calculating whether the \$300 limit has been reached; car costs and expenses relating to allowances covered by special rules such as overtime meal allowance, travel allowances and award transport payments.

In the circumstances where the substantiation rules do not apply you must still be able to show that the expense was incurred for a deductible purpose and the basis used to determine the expense is reasonable.

Consequences and Penalties

The tax office can impose penalties of up to 90% of your total tax payable plus interest if you do not substantiate your work related expenses in accordance with the substantiation legislation, or if your return is incomplete or incorrect.



Francis A Jones

Where people count.

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under Professional Standards Legislation.



Francis A Jones
is a CPA practice

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