



Audit Shield Fee Waiver Service

Our firm diligently seeks to provide the highest quality of work for our clients. Our clients, as a result, experience a lower probability of review or audit by the CRA or other government agencies. That said, with an increased focus on tax compliance, the risk of being audited is higher than ever. In a proactive effort to combat the rising costs relating to compliance, we are pleased to offer our Audit Shield Fee Waiver Service. Clients who participate in our service will have our professional fees waived for responding to government audits, enquiries, investigations, or reviews.

Benefits of the Audit Shield Fee Waiver Service:

- **Relief:** In the event that you are subject to an audit, enquiry, investigation, or review that is directly in relation to your filed returns, the associated professional fees (up to a maximum amount) are covered. Please review section 2 of the terms & conditions to see what is not covered.
- **Retroactive protection:** Previously filed returns are protected automatically, regardless of who prepared them
- **You have a choice:** The offering is optional, so there is no compulsion to participate.

Important Information about the Audit Shield Fee Waiver Service:

- To enable us to be able to make this service available to you, Alliance Accounting Group CPA Inc. holds a Tax Audit Insurance Policy which is underwritten by Lloyd's. The terms and conditions of our Tax Audit Insurance Policy mirror the Audit Shield Fee Waiver Service.
- You can choose to benefit from our Audit Shield Fee Waiver Service, provided that we are filing your income tax returns.
- Participation in this service is not automatic. Protection will commence on the following business day after we receive your payment and expires next year on January 31.

For further details on our Audit Shield Fee Waiver Service, please carefully read the Commonly Asked Questions and Terms & Conditions.

To be protected by our Audit Shield Fee Waiver Service, simply contact Leah (Brandon office) 204-726-1995 or Jacalyn (Hamiota office) 204-764-2544 for rates and payment options. If you do not want to participate, you don't have to do anything.

Yours very truly,

ALLIANCE ACCOUNTING GROUP CHARTERED PROFESSIONAL ACCOUNTANTS INC.

Audit Shield Fee Waiver Service

Commonly Asked Questions

Why are you offering this product to me now?

- The CRA is dramatically increasing the amount of audit activity it is undertaking, especially with regards to processing reviews and limited reviews. In fact, over the next 5 years, an additional \$524 million has been allocated for this purpose.
- Anyone can be selected for a review by the CRA, irrespective of whether your returns are filed accurately and on time. The CRA is now using data matching and powerful algorithms to select persons of interest. These could be based around an industry, a category of expense or income, or be totally random in nature.
- Accounting fees can be an unexpected expense when an audit occurs due to the level of work needed to satisfy the CRA, especially for business clients.

What does the Audit Shield Fee Waiver Service generally cover?

- It covers the professional fees you would otherwise have to incur should you be subject to an investigation, audit, enquiry, or review by the CRA or provincial revenue agency.
- The scope is comprehensive - covering T1 slip requests, T1 processing reviews, GST/HST/PST/QST reviews, payroll audits, corporate reviews, plus much more.
- All current and previously filed returns are covered, regardless of who prepared them.

What does Audit Shield NOT cover? **

- Farm Income Program audits (ie: AgriStability) as these programs have voluntary participation.
- Pre-assessment reviews.
- Audits and reviews for which you have already been notified (prior to enrollment in the fee waiver service).

**Please carefully read "What is Excluded" in the Terms & Conditions.

Do I need to participate?

- No. Participation is voluntary, and you can elect to participate anytime. You must be a participant prior to receiving notice from CRA (re: audit) in order to be covered.

Do you think I need to participate?

- We hope that the CRA does not target you, however audits are done at random and therefore we cannot predict who will be chosen. It could bring comfort knowing that the costs associated with handling such an audit are covered by the waiver.
- Those with large medical/charitable donation/political contribution claims on a regular basis, volunteer firefighters, and business clients (due to the level of work/higher cost to complete an audit) will find it most beneficial.

Are participation fees tax deductible?

- Yes. Participation fees are tax deductible for business clients.

Audit Shield Fee Waiver Service

Commonly Asked Questions

What to do - I want to participate:

- Contact our office for rates and payment options. Our office will take care of everything else and your coverage begins the next business day after we receive your payment.
- No matter the time of year, participants can join. Premiums are prorated should you wish to join at a later date.

What to do - I do not want to participate:

- Absolutely nothing! The product has been offered as a courtesy to those clients who may benefit most from the coverage but is in no way compulsory. By not participating in the Fee Waiver Service, you will be responsible to pay any applicable accounting fees should you chose us to represent you.
- If you do not wish to participate at this time, simply ignore the introductory letter and carry on as per usual.

Am I buying my own insurance policy?

- No. Alliance Accounting Group holds an insurance policy with Audit Shield which allows accounting fees to be covered for active/enrolled participants. This policy allows Alliance Accounting Group to offer the 'Fee Waiver Service' to eligible clients.
- When covered issues arise, they are handled as per usual. The only difference is that Alliance Accounting Group will make a claim to Audit Shield (the client does not make a claim) for payment of accounting fees incurred.

Is this insurance against an unsuccessful audit or review?

- No, this service is to cover the related accounting fees only. It does not pay any tax, penalties, or interest assessed in an unsuccessful audit.

Why are there groupings of companies/individuals?

- Groupings are made to capture all business entities/partnerships and all related individuals and their dependents. This is done to provide the broadest level of coverage at the lowest fee. Should you wish to cover a reduced number of participants, please contact one of our administrators (below) for an updated fee.

If you have any further questions, please contact:

Brandon Office	Leah	204-726-1995	lcampbell@allianceaccounting.ca
Hamiota Office	Jacalyn	204 764-2544	jshamray@allianceaccounting.ca

AUDIT SHIELD FEE WAIVER SERVICE TERMS & CONDITIONS

Audit Shield Fee Waiver Service

1. **We** agree to waive the reasonable and necessary **professional fees** that are payable by **you** to **us** in connection with an investigation of a filing of which you receive **specific notice** during the term, up to the **maximum amount**.

What is Excluded

2. **Professional fees** incurred from or associated with any of the following are not covered by the Audit Shield Fee Waiver Service:
 - a. any verbal, written or electronic communication of an impending **investigation** given to **us** or **you** prior to the **participation date**;
 - b. **pre-assessment reviews** of a **T1 filing** (other than a **pre assessment review** of the business items of a Sole Proprietor);
 - c. claims first notified to us **later than 30 days** after the expiry date of the policy;
 - d. any **filing** lodged outside Canada;
 - e. a **filing** that has been prepared, lodged or submitted fraudulently;
 - f. any **investigation** which is commenced or is conducted specifically for the purposes of determining **your** taxation liabilities and liability to pay tax, interest, additional tax or penalties as a result of participation in any marketed or mass marketed tax avoidance, tax minimization or tax exploitation scheme;
 - g. any matter in relation to application, assessment or review of government benefits or entitlements outside of a lodged **filing**;
 - h. any **investigation** where **you** are bankrupt within the meaning of the *Bankruptcy and Insolvency Act* (Canada), or **insolvent**, at the start of the **investigation**;
 - i. any fine or penalties imposed or for any amounts payable pursuant to an amended notice of assessment or adjustment including but not limited to any additional tax, duty, government impost or similar payments;
 - j. any **investigation** where the auditor has imposed a final shortfall or culpability penalty of 50% or more; or
 - k. any criminal prosecution;

Maximum Amount

3. During the term, we will only waive our **professional fees**:
 - a. Up to the **maximum amount** for any one **investigation**; and
 - b. Up to the **maximum amount** for all **investigations** during the term.

Shortfall

4. Should a difference arise between our **professional fees** and the amount available to be covered under the Audit Shield Fee Waiver Service, we may need to seek the difference from **you**. You agree to pay **us** any such difference promptly on request.

Cancellation

5. **You** may cancel **your** participation in this Audit Shield Fee Waiver Service at any time. We will refund part of the fee paid (calculated by reference to the unexpired portion of the term).

Not Insurance

6. The Audit Shield Fee Waiver Service is not insurance. However, we have a policy of insurance with Certain Underwriters of Lloyd's that covers the cost to **us** of waiving our **professional fees** incurred by **you** in accordance with these Terms and Conditions. **You** are not a party to or a beneficiary of this policy.

General

7. **Applicable Law:** These Terms and Conditions will be interpreted in accordance with the laws of the province of Manitoba and the laws of Canada applicable in that province.
8. **Privacy:** We share personal information with our insurer and insurance broker as necessary to administer the Audit Shield Fee Waiver Service and, in the event that we waive our **professional fees** incurred by **you** in accordance with these Terms and Conditions, to make a claim against our insurance policy. The personal information that we share may include name, contact information, and any other reasonable personal/private information to support the claim, for **you** or **your** officers, directors, related entities, employees and representatives. By agreeing to these Terms and Conditions, **you** consent to the sharing of **your** personal information as described above and represent and warrant to **us** that, to the extent that **you** have provided personal information relating to a third party (such as an officer, director, employee or representative), **you** have obtained all necessary consents from such individuals to allow **us** to share their personal information as described above.
9. **Assignment:** You cannot assign these Terms and Conditions, in whole or in part.
10. **Entire Agreement:** These Terms and Conditions, along with the **Client Acceptance Form**, is the entire agreement between **you** and **us** with respect to the Audit Shield Fee Waiver Service. This Agreement shall apply to and bind **you**, **your** heirs, executors, administrators, successors and permitted assigns and shall enure to the benefit of and be enforced by **us** and **our** successors and assigns.

Definitions

11. Bolded terms used in these Terms and Conditions have the following meanings:

Client Acceptance Form	The Client Acceptance Form, including the Payment Form sent to you by us.
filing	A form which is legally required to be completed and actually lodged with a Canadian federal, provincial or territorial government tax authority, agency or body that is authorized to conduct an investigation of a filing in which a taxpayer makes a periodic statement of income, expenses or specified transactions which is used by the relevant tax authority to assess liability for taxes and duties.
insolvent	You are Insolvent if: (1) you are an Insolvent person within the meaning of the <i>Bankruptcy and Insolvency Act</i> (Canada); (2) you become the subject of an appointment of a receiver, receiver and manager, monitor, trustee or liquidator under any applicable bankruptcy, insolvency or similar law now existing or hereafter enacted; (3) you are otherwise unlikely to pay its debts when they fall due; or (4) something having a substantially similar effect to clause (1), (2) or (3) above happens in connection with you under the law of any jurisdiction.
investigation	<p>Any post assessment, official investigation, official inquiry, audit, official review or official examination in respect of a filing submitted by you or on your behalf that is undertaken, initiated by, or instructed to be undertaken, as a result of specific notice given by: (1) the Canada Revenue Agency; (2) any Canadian (federal, provincial or territorial) government revenue agency or revenue authority that is duly authorized to conduct an investigation of a filing; or (3) any authority that is authorized to conduct an investigation of a Workers Compensation self reported premium; whereby we or you are compelled to act or respond otherwise we or you will risk prosecution, fines, disciplinary proceedings or other penalties.</p> <p>An investigation does not include:</p> <ul style="list-style-type: none"> • any form of activity involving a review relevant to you maintaining industry status, license, compliance, or membership or any form of application, registration, or re-registration process, occupational health and safety type compliance; • any form of activity involving a review of how we assist you; • any form of practice or procedural audit of you or practice files; • any activity involving a statutory authority gathering information or data that is not part of an investigation of a filing of yours; • any activity involved in the familiarization, education, training, application, implementation, process or operation of any amendments or changes to existing or the introduction of new legislation or industry regulation; or • any form of activity involving a review of a filing that is undertaken by we or you in the absence of any specific notice.
maximum amount	The maximum amount as shown on the Client Acceptance Form.
participation date	The next business day after we receive your payment
post assessment	After issuance of an initial Notice of Assessment resulting from a T1 filing being processed by the relevant revenue agency.
professional fees	Our reasonable and necessary fees, costs and expenses incurred in responding to an investigation as defined by the scope of the matter, including the costs of a qualified solicitor or other professional person we may need to engage in connection with an investigation as defined by the scope of the matter. Professional fees do not include: (1) any fees which are incurred for, or are ordinarily associated with the preparation of your accounts, filings, taxation and financial records (including any annual, fixed fee or cost arrangement); (2) any fees incurred for advice which you should or would incur for work done prior to or as part of the preparation of your accounts, filings, taxation and financial records prior to the lodgment of your taxation filings, financial records; (3) any fees incurred to prepare any document required by the relevant legislation in connection with a filing; or (4) any fees incurred for work done in relation to periods not identified to be under investigation.
specific notice	<p>Any notice that is addressed to us or you and is issued by: (1) the Canada Revenue Agency; (2) any Canadian (federal, provincial or territorial) government revenue agency or revenue authority that is duly authorized to conduct an investigation of a filing; or (3) any body that is authorized to conduct an investigation of a Workers Compensation self reported premium; and imposes on you an obligation to respond or to take some other specific action.</p> <p>A specific notice does not include any notice sent to us or you which: (1) is educational or purely advisory in nature; (2) only suggests or proposes actions to be taken by you; (3) acts as a warning to you that you may be selected for an investigation at a future time; (4) provides an option for us or you to voluntarily review your filing; or (5) does not compel you to take any action at all.</p>
term	The period between and including the enrolment date and the expiry date as set out on the Client Acceptance Form.
we, us or our	Alliance Accounting Group CPA Inc..
you or your	The entity and/or individuals to be covered as named on the Client Acceptance Form.