

Date:

Full Name
By email / in person:

Dear

Re: FY Client Substantiation Declaration – Individual tax return

We thank you for allowing us the opportunity to assist you with the preparation of your income tax return for the year ended 30 June 20....

Please find attached a client substantiation declaration which you are required to complete to confirm that you have retained original receipts and other documentation which can substantiate any deductions claimed for work, car and business travel expenses as required under the *Income Tax Assessment Act 1997*. The declaration also confirms that your income tax return has otherwise been correctly prepared based on the relevant information you have provided us.

We advise that your completion of the substantiation declaration is important as the Australian Taxation Office (ATO) may scrutinise income tax returns to ensure that they are correctly prepared, particularly to ensure that work-related expense claims are both allowable and can be substantiated.

As your registered tax agent, we are required to demonstrate reasonable care in correctly ascertaining a client's state of affairs under section 30-10(9) of the *Tax Agent Services Act 2009*. When providing taxation services involving a statement being made to the Commissioner or something else being done on behalf of a client, a registered tax agent must therefore take reasonable care in ascertaining the facts around their client's affairs that are relevant to the service being provided.

Accordingly, as a matter of good practice we need to alert clients of their responsibilities to retain the required documentation to ensure that we can correctly prepare your income tax return and that claims for any work-related expenses can be appropriately substantiated. In the event of a review or audit by the ATO resulting in a denial of deductions, you will be liable for additional tax, interest and penalties and may be subject to prosecution.

We would therefore be grateful if you could please either review and sign the attached Substantiation Declaration and forward it back to us via mail, or alternatively forward us an email acknowledging that you reviewed and agreed with the terms of the attached Substantiation Declaration.

We appreciate your support and the opportunity to be of service to you.

If you have further queries on any details contained within this letter or on any other matter, please do not hesitate to contact me on [insert telephone number].

Best wishes



Gambhir Babbar Watts OAM

MALP (SYD) FCPA FCMA MAICD FIML
CEO, Taxation Guru Pty Ltd Tax Agent Number 26030168
Principal, Gambhir Watts & Co
Suite 100 Level 4 Maestri Towers 515 Kent St Sydney 2000
Postal Address: GPO Box 4098 Sydney 2001
Ph: +612 9283 5888 / 1300 GURU4U www.bmgw.com

2022 CLIENT SUBSTANTIATION DECLARATION

I confirm that I must demonstrate that I have incurred certain expenses in the course of deriving salary and wages income, and that you have advised me that I must satisfy the substantiation requirements in the *Income Tax Assessment Act 1997* in relation to claims for work, car and business travel expenses.

In particular, I have been informed by you of the need to OBTAIN ORIGINAL RECEIPTS for deductions claimed for such expenses and keep them for a minimum of five years from the date my return is lodged.

The receipts must contain the following details:

- name of the supplier
- amount of expense
- nature of goods and services (noting the specific type of items purchased or expenditure incurred which I am able to personally record up to the date of lodgment of my return where not adequately noted by the supplier)
- date of expense (which I am able to personally record when not noted by the supplier)
- date of the document.

Penalties in respect of incorrect returns

You have also advised me of the additional tax, penalty charge, general interest charge and possible prosecution action which could be initiated by the Australian Taxation Office (the ATO) if I lodge an incorrect tax return, including the claiming of tax deductions for amounts which are not allowable for income tax purposes .

In addition, you have informed me that an important feature of the tax agent services regime is the provision of a safe harbour protection from penalties for taxpayers who engage a registered tax agent. You have advised me that in order to obtain the benefits of such safe harbour protection, I must provide you with all relevant taxation information to enable accurate statements to be provided to the ATO.

Income from all sources in and out of Australia for the year of income

You have advised me that I must declare income from all sources, in and out of Australia, including any net capital gains on disposals of both Australian and foreign assets occurring during the year of income, in my return.

Apportionment

Where items are used for both business and private purposes (e.g. car, mobile/telephone, internet, and computer costs), I have kept appropriate apportionment documents to verify my business usage claim. I also confirm that my employer will acknowledge that it was necessary for me to incur such expenditure in earning my income.

ATO review and/or audit matters

I further confirm that:

- I may be required to verify any income or expense item noted in my return in the event of an ATO review and/or audit
- I must substantiate all work, car and travel expense claims under self-assessment
- I have read and understood the return prepared for me.

I declare that:

- I have disclosed and you have returned all income, including net capital gains, which I have earned or received for the 2019-20 income year
- All the claims for deductions and tax offsets which have been included in the return are based on my specific instructions and advice that I satisfy the relevant taxation requirements
- I have all receipts or documentation necessary to substantiate the above claims which I will make available if required by the ATO
- You have clarified what written evidence (including car/travel records) will be required during an ATO review or audit and that penalties (including prosecution) may be applied if incorrect claims are identified in an ATO review or audit.

Signature of Taxpayer

Name (Print)

Date