

## SECTION 5

### Tax Practice

- 5.1 A chartered accountant rendering professional tax services is entitled to put forward the best position in favor of a client, or an employer, provided the service is rendered with professional competence, does not in any way impair integrity and objectivity, and is in the opinion of the chartered accountant consistent with the law. Doubt may be resolved in favor of the client or the employer if there is reasonable support for the position.
- 5.2 A chartered accountant should not hold out to a client or an employer the assurance that the tax return prepared and the tax advice offered are beyond challenge. Instead, the chartered accountant should ensure that the client or the employer are aware of the limitations attaching to tax advice and services so that they do not misinterpret an expression of opinion as an assertion of fact.
- 5.3 A chartered accountant who undertakes or assists in the preparation of a tax return should advise the client or the employer that the responsibility for the content of the return rests primarily with the client or employer. The chartered accountant should take the necessary steps to ensure that the tax return is properly prepared on the basis of the information received.
- 5.4 Tax advice or opinions of material consequence given to a client or an employer should be recorded, either in the form of a letter or in a memorandum for the files.
- 5.5 A chartered accountant should not be associated with any return or communication in which there is reason to believe that it:-
- (a) Contains a false or misleading statement;
  - (b) Contains statements or information furnished recklessly or without any real knowledge of whether they are true or false; or
  - (c) Omits or obscures information required to be submitted and such omission or obscurity would mislead the revenue authorities.
- 5.6 A chartered accountant may prepare tax returns involving the use of estimates if such use is generally acceptable or if it is impractical under the circumstances to obtain exact data. When estimates are used, they should be presented as such in a manner so as to avoid the implication of greater accuracy than exists. The chartered accountant should be satisfied that estimated amounts are reasonable under the circumstances.
- 5.7 In preparing a tax return, a chartered accountant ordinarily may rely on information furnished by the client or employer provided that the information appears reasonable. Although the examination or review of documents or other evidence in support of the information is not required, the chartered accountant should encourage, when appropriate, such supporting data to be provided.

In addition, the chartered accountant:-

- (a) should make use of the client's returns for prior years whenever feasible;
- (b) is required to make reasonable inquiries when the information presented

appears to be incorrect or incomplete; and

- (c) is encouraged to make reference to the books and records of the business operations.

5.8 When a chartered accountant learns of a material error or omission in a tax return of a prior year (with which the chartered accountant may or may not have been associated), or of the failure to file a required tax return, the chartered accountant has a responsibility to:-

- (a) Promptly advise the client or employer of the error or omission and recommend that disclosure be made to the revenue authorities. Normally, the chartered accountant is not obligated to inform the revenue authorities, nor may this be done without permission.
- (b) If the client or the employer does not correct the error the chartered accountant:-
  - (i) should inform the client or the employer that it is not possible to act for them in connection with that return or other related information submitted to the authorities and,
  - (ii) should consider whether continued association with the client or employer in any capacity is consistent with professional responsibilities.
- (c) If the chartered accountant concludes that a professional relationship with the client or employer can be continued, all reasonable steps should be taken to ensure that the error is not repeated in subsequent tax returns.