

Date: _____

Trust Name: _____

Trustee Address: _____

ATTENTION Trustee Name: _____

Dear Trustee,

Subject: 2023 Trust Tax Return

It is desirable to have a clear understanding of the terms of our engagement as preparers of your trust tax return.

It is understood and agreed that you will provide us with accurate and complete information necessary to compile the trust tax return. We will prepare your trust tax return using the information provided by you. We will not audit, review or otherwise attempt to verify the accuracy or completeness of any information provided. The responsibility remains with you.

Your trust tax return will be stamped with the following communication: "Prepared without audit from information supplied by the taxpayer."

This communication will appear with the name "Koroll & Company, CPAs, Professional Corporation" as your trust tax return preparer.

We will assist you in providing additional information or explanations related to our preparation of your trust tax return should any taxation authority subsequently request it. We wish to emphasize that this engagement cannot be relied on to prevent or detect errors or other irregularities in the information provided to us. Our professional fees will be based upon time required for each engagement at our standard rates and are due upon receipt of the invoice.

NEW – 2023 TRUSTS

Starting on December 31, 2023, trusts will need to file tax returns even if they have basically no activity. Previously no tax return was needed for a trust that had no tax payable and no capital transactions. This means that **your trust** will now be required to file a tax return and obtain a tax account number, if one has not already been assigned.

Starting on December 31, 2023, bare trust arrangements will be viewed as trusts and required to file a tax return. These arrangements are commonly used to hold legal title, but not beneficial ownership of real estate. This means that **your trust** will now be required to file a trust return and obtain a tax account number if one has not already been assigned.

New for 2023 and future years, trusts will now be required to report, on a separate form (rather than on the tax return) information on the trust settlor, trustees, and beneficiaries. The information is straight-forward; name, address, date of birth and tax identification number. However, obtaining this information may take some work, especially because reporting requires the full disclosure of all beneficiaries including people and corporations who have a remote or contingent interest.

While we are awaiting further CRA guidance, we note that this reporting is the responsibility of the trustees: *We can assist in identifying the persons for whom information is needed.*

This work requires an analysis of the terms of the trust to list all persons and corporations affected and knowledge of any person who has made a contribution (except by a loan).

We would like to begin this work shortly, to avoid a last-minute panic of activity in March 2024, which is typically a busy month with tight deadlines as it is.

Our fee for 2023 will be increased due to the extra work required. In future years, the information will simply require an updating, so we expect this additional cost increase will be a one-time event for the most part. If this is an inactive trust, we will discuss with you, whether dissolving the trust is a viable option.

We regret that the cost of tax filings continues to increase due to additional CRA requirements and reporting.

In the event that it is determined that I have not provided all necessary information for the accurate preparation of my trust tax return, I agree to hold you harmless in respect of any penalties and costs assessed against me arising from the fact that I have not provided complete and accurate information.

If you have any questions about the contents of this letter, please raise them with us. If the services outlined are in accordance with your requirements, and if the above terms are acceptable to you, please sign this letter in the space provided and return it to us.

By signing this engagement letter, I extend my permission for you to discuss my financial affairs with any other persons who might, to my knowledge, have information which could contribute to the completion of my trust tax return.

I agree that invoices presented for the completion of this trust income tax return and/or assistance with tax examinations will be due and payable upon receipt.

Limits of Liability

I agree that Koroll & Company, Chartered Professional Accountants, Professional Corporation ("the Firm")'s liability hereunder for damages, regardless of the form of action, shall not exceed the total amount paid for services under the applicable engagement letter or in the authorization for the particular service if no engagement letter is made. This shall be my exclusive remedy.

I further agree that the Firm will not be liable for any lost profits, or for any claim or demand against me by any other party.

No action, regardless of form, arising out of the services under the engagement, may be brought by either party more than one year after the cause of action has occurred, except that an action for non-payment may be brought within one year of the date of last invoice or of last payment, whichever is later.

In no event will the Firm be liable for consequential damages even if the Firm has been advised of the possibility of such damages.

We appreciate the opportunity of continuing to be of service to you.

Sincerely,

Koroll & Company, Chartered Professional Accountants,
Professional Corporation



Per: Michael Falcone, CPA, CGA, LPA, President

The services and terms set out above are as agreed to by:

Trustee Signature

Date signed