

AUDIT PROTECTION PLAN – T3 RETURN CLIENTS

WHAT IS IT?

In response to numerous client concerns about the Canada Revenue Agency's ("CRA") intensifying audit activities, HW Partners implemented a program called the "Audit Protection Plan" to assist our personal tax clients and more recently in 2024 to assist our trust and estate tax clients. The plan serves to reduce the unanticipated professional fees associated with responding to enquiries received from the CRA following the filing of trust income tax returns.

The CRA continues to select more trust and estate taxpayers for further review. These reviews generally involve a request for supporting documentation to verify or substantiate claims made on income tax returns. Even if no tax is owing, responding to these CRA requests can be time consuming and expensive. As a result, we have implemented this optional protection plan for our clients to help reduce, or in most instances, fully cover the professional fees associated with responding to CRA.

WHY SHOULD YOU ENROLL?

- HW Partners responds to hundreds of requests from the CRA each year. The frequency and complexity of these responses has increased substantially over the past few years. As a result, our time responding to these requests has increased dramatically.
- Depending on the nature and complexity of the review, a secondary follow-up is often required with the CRA to ensure processing of the information provided to the CRA is appropriate.
- Recent internal policy changes at the CRA have increased the level of documentation needed to support taxpayer claims.
- The following is a list of common items CRA chooses to review for trust taxpayers, but is not an exhaustive list:
 - Foreign tax credits
 - Investment management fees paid
 - Accounting fees paid
 - Interest expenses
 - Income slip matching

WHAT DOES IT COVER?

The Audit Protection Plan will cover all professional fees incurred (up to a maximum of \$1,500 per trust/estate income tax return for which we have been engaged to prepare at an agreed upon fee) in responding to

the CRA information requests for the current taxation year related to the trust/estate tax return. This includes the cost of all submissions and correspondence with the CRA to resolve any outstanding issues for the trust/estate for which a T3 trust /estate income tax return was prepared by HW Partners.

This fee does not cover any income tax, penalties or interest due as a result of the review but does cover our time and expenses incurred in resolving the trust's issue.

WHAT IS THE COST TO ENROLL?

The cost of the audit protection plan is 15% of the trust's/estate's T3 income tax return preparation fee for the year.

Cost for Trusts with Financial Statements

If we prepare *financial statements* in addition to the income tax return for the trust, the 15% fee is based on only half the invoice amount (or 7.5% of the total invoice) which represents the fee relating to the income tax return preparation and not the financial statement preparation.

HOW DO I ENROLL?

If you would like to take advantage of the Audit Protection Plan, please indicate yes below and return this form to us. If you enrolled in the plan on behalf of the trust/estate in the previous year, the trust/estate is automatically enrolled for subsequent years.

YES, please enroll in the trust/estate of which I am trustee in HW Partners' Audit Protection Plan for the 2025 taxation year.

NO, not at this time.

Name of Trust: _____

Name: _____ Signature: _____ Date: _____

If you choose to enroll the trust/estate in the Audit Protection Plan, our invoice will include the fee above with the normal fees for your return preparation. **The trust/estate will also be automatically enrolled for subsequent taxation years unless you indicate otherwise.**