

## ENGAGEMENT LETTER FOR UNDERUSED HOUSING TAX RETURN

March 1, 2025

Dear Client:

### **RE: UNDERUSED HOUSING TAX RETURN AND ELECTION FORM ENGAGEMENT**

The purpose of this letter is to outline the nature of our involvement with filing the Underused Housing Tax Return and Election Form ("UHT Return") for the year ended December 31, 2024, on your Company's behalf.

We will report the information provided by you. We will not be auditing or reviewing the information provided by you and accordingly, express no assurance thereon.

### **Disclaimer of Liability**

The UHT Return was compiled solely for the use of your Company. We make no representations of any kind to any other person in respect of the Application and accept no responsibility for their use by any other person.

Since we are accepting this engagement as accountants, not as auditors, you may not record this as an auditing engagement in the minutes of your directors' or shareholders' meetings. Our services will not result in the expression of an audit opinion or any other form of assurance on the UHT Return nor the fulfilling of any statutory or other audit requirement. You may wish to obtain legal advice concerning statutory (or contractual) audit requirements.

The UHT Return is limited to the assembly, calculation, and submission of information provided by you.

### **The Purpose, Objective, Scope, and Limitations of this Engagement**

We will not audit, review, or otherwise attempt to verify the accuracy or completeness of the information provided by the management of the Company. We will not undergo third party verification procedures to determine if the information we are relying upon is complete and accurate. We will not provide an opinion on whether the information provided contains departures from Canada Revenue Agency's Underused Housing Tax eligibility criteria.

Accordingly, in entering into this engagement with us, you acknowledge that:

1. This reporting of information for the UHT Return will not result in the expression of an audit opinion or the fulfilling of any statutory or other audit requirement.
2. Our engagement cannot be relied upon to prevent or detect fraud, error, or other irregularities. The responsibility for the prevention and detection of fraud, error or other

similar irregularities in your financial information compiled by us must remain solely with your management.

3. Due to the very limited nature of this engagement, you agree that neither we, nor our professional staff, shall have any liability, in contract or tort, negligence or otherwise, for failure to detect and report to you any fraud that may be occurring or have occurred.

### **Management's Responsibilities**

In accepting the terms of this Engagement, you acknowledge and agree that:

1. You will provide us with accurate and complete information necessary to report the UHT Return. The sole responsibility for the accuracy and completeness of the representations in the UHT Return remains with you.
2. The Company itself has ownership of the residential property as defined by the CRA for the purpose of this UHT Return.
3. The UHT Return is a federal tax legislation requirement. Municipal and Provincial filing requirements related to ownership of real property remain your responsibility, such as the Empty House Tax or B.C. Speculation and Vacancy tax reporting. Additionally, legal requirements such as the Land Owner Transparency Act remain your responsibility.

In the course of this engagement, we will seek from management additional information together with written confirmation of significant representations in accordance with our obligation to document this evidence.

### **Further Limitation of Liability**

You agree to hold harmless and indemnify us from any penalty or costs arising as a consequence of false or otherwise incorrect information supplied by you or your agents to us for the purpose of the UHT Return.

You agree that any and all claims you may have against our firm or its professional staff arising out of all services provided to you by us, whether in contract, negligence, or otherwise known to law, shall be regarded as one claim and any liability to you shall be limited to the amount of \$50,000.

You expressly agree that you will not bring any proceedings in any court of any jurisdiction advancing any claim against our professional staff and employees.

You expressly agree that any liability our firm may have to you shall not be joint and several with any other party, but shall be several, and limited to the percentage or degree of our fault in proportion to the fault or wrongdoing of all persons who contributed to the loss.

You expressly agree that any and all claims, whether in contract, negligence, or otherwise known to law arising out of our professional services under this engagement vest exclusively in the Company, and you agree to wholly indemnify and hold harmless our firm and its professional staff from any and all claims that may be brought against our firm or its professionals by any shareholder, director or officer of the Company in any way arising out of or connected to our services provided to you.

You agree that our liability for all claims you may have or bring in connection with the professional services rendered arising out of or ancillary to this agreement shall absolutely cease to exist after a period of four years from the date of:

- (a) performance of this engagement;
- (b) delivery to you of the completion of the preparation of the Underused Housing Tax Return and Election Form with the CRA.
- (c) suspension or abandonment of this engagement; or
- (d) termination of our services pursuant to this agreement,

whichever shall occur first, regardless of whether you were aware of the potential for making a claim against us within that period. Following the expiration of the aforesaid period, you agree that neither you, your agents nor assigns shall make any claim or bring any proceeding against us.

### **Confidentiality**

We will maintain the strictest confidence with respect to any client's or former client's information. Accordingly, your confidential information will not, without your consent, be disclosed to any individuals in our firm beyond those who are engaged on your services. This policy applies to anyone outside the firm, except as required by law or under the profession's Rules of Professional Conduct.

### **Fees**

Our fees will be determined on the basis of time spent on this engagement, unless a fixed fee has been agreed upon in writing. Any disbursements that we incur on behalf of the Company will be included in the accounts that we submit.

Accounts are due upon presentation of the invoice. Interest will be charged at the annual rate of 18% (1.5% per month) on accounts unpaid by the 15th day of the month following their presentation. You agree to pay these interest charges without discussion or dispute.

In the event of outstanding accounts for professional services, we reserve the right to exercise a lien over those records in our possession for which a lien is maintainable, including but not limited to our own work product.

### **Continuing Effect**

We trust that the foregoing sets out the terms of our engagement. We shall be pleased to discuss these terms further with you at any time, particularly should your requirements change in the future. The arrangements outlined in this letter will continue in effect from year to year unless changed by us.

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

I/We have read this letter and the services and terms set out above are as agreed. In addition, I/We acknowledge and accept my/our responsibilities as taxpayers and client on behalf of the signatories of this letter.

We appreciate the opportunity to be of service to your Company.

Yours truly,

HORIZON CHARTERED PROFESSIONAL ACCOUNTANTS

A handwritten signature in cursive script that reads "Horizon".

The services and terms set out are as agreed.

Company Name: \_\_\_\_\_

Per: \_\_\_\_\_

Your Name: \_\_\_\_\_

Date: \_\_\_\_\_

**\*\*\*Please return this entire letter to us when signed\*\*\***