

Tax Advice Contract of Deutsches Steuerberaterinstitut e.V. (German Institute of Tax Advisers)

Users of the DStI model contract, please note the following:

1. Every individual model contract must be checked by its users.
2. The German Institute of Tax Accountants accepts no liability for the accuracy of this model contract.
3. If this contract is a service contract it can, notwithstanding § 5, be terminated by each of the contractual parties without notice pursuant § 627 German Civil Code (Bürgerliches Gesetzbuch). Derogations herefrom must be made by a separate written agreement.
4. In the event that the scope of the mandate is extended, it is recommended that express reference in writing should be made to the 'framework conditions' established in this tax advice contract.

Tax Advice Contract

between

(Client)
(Street)
(Place, 🏠)

and

(Tax Adviser)

§ 1 Nature of assignment

The assignment includes the following activities if they are marked with a cross or separately specified:

a) Annual Financial Statements

- ☐ Preparation of Annual Financial Statements (Balance sheet and profit & loss account)
 - ☐ including preparation report without an audit
 - ☐ including preparation report with a plausibility check
 - ☐ including preparation report with an audit
 - ☐ including a limited review
 - ☐ including bookkeeping carried out by the Tax Adviser and raising the inventory under the Tax Adviser's assistance
 - ☐ including a voluntary audit with audit certificate, following the rules of a compulsory audit,
 - ☐ other:
- ☐ Preparation of the notes
- ☐ Preparation of an annual report
- ☐ Preparation of an interim financial statement
 - ☐ including preparation report without an audit

- ☐ including preparation report with a plausibility check
- ☐ including preparation report with an audit
- ☐ including a limited review
- ☐ including bookkeeping carried out by the Tax Adviser and raising the inventory under the Tax Adviser's assistance
- ☐ including a voluntary audit with audit certificate, following the rules of a compulsory audit,
- ☐ other:
- ☐ Preparation of a tax balance sheet on the basis of a commercial balance sheet or derivation of the tax result from the result of a commercial balance sheet
- ☐ Advisory assistance in the preparation of an annual account (balance sheet and profit & loss account)
- ☐ Advisory assistance in the preparation of the notes
- ☐ Advisory assistance in the preparation of an annual report
- ☐ Compilation of an annual account on the basis of the results of the bookkeeping provided by the client
 - ☐ with preparation report without an audit
 - ☐ with preparation report with a plausibility check
 - ☐ with preparation report with an audit
 - ☐ with a limited review
 - ☐ with bookkeeping carried out by the Tax Adviser and raising the inventory under the Tax Adviser's assistance
 - ☐ with a voluntary audit with audit certificate, following the rules of a compulsory audit,
 - ☐ other:
- ☐ Preparation of an opening balance sheet
- ☐ Preparation of a settlement balance (e.g. in case of dissolution of a partnership or retirement or death of a partner)
 - ☐ with preparation report without an audit
 - ☐ with preparation report with a plausibility check

- ☐ with preparation report with an audit
- ☐ with a limited review
- ☐ with bookkeeping carried out by the Tax Adviser and raising the inventory under the Tax Adviser's assistance
- ☐ with a voluntary audit with audit certificate, following the rules of a compulsory audit,
- ☐ other:
- ☐ Written explanations to the annual accounts or balance sheets
- ☐ Other

b) Calculation of income

- ☐ Calculation of excess of business related income over business related expenses
- ☐ Calculation of excess of business related income over expenses related to rent and lease
- ☐ Calculation of excess of business related income over expenses related to capital
- ☐ Calculation of excess of business related income over expenses related to employment
- ☐ Calculation of income from private sales
- ☐ Written explanatory report

c) Tax returns

Preparation of tax returns

from time period/date

- ☐ all periodic tax returns
- ☐ income tax return
- ☐ corporate income tax return
- ☐ municipal trade tax return
- ☐ VAT declaration
 - ☐ on a monthly or quarterly basis
 - ☐ annual declaration
- ☐ uniform and separate determination of profits

☐ Other:

d) Applications

- ☐ application for an investment grant / investment subsidy
- ☐ application for a first-home buyer allowance
- ☐ other applications

e) Review of tax assessment notices

- ☐ all
- ☐ only

f) Representation of the Client

- ☐ acceptance of the role as authorised recipient or deliverer in tax-related matters
- ☐ representation before financial authorities
- ☐ assistance and representation in field audits
- ☐ representation in other circumstances (e.g. before German fiscal courts):

g) Accountancy tasks

aa) Time period

The agreed accountancy tasks are to be carried out in the following intervals

- ☐ monthly
- ☐ quarterly
- ☐ annually

bb) Financial bookkeeping

- ☐ financial bookkeeping
- ☐ using basic records, including preliminary VAT returns and business appraisals
- ☐ using records already allocated to accounts, including VAT returns and business appraisals

- ☐ using data entries provided by the Client using the Tax Adviser's software, including VAT returns and business appraisals
- ☐ Setting up of the bookkeeping system
- ☐ Supervision of the bookkeeping carried out by the Client
 - ☐ monthly
 - ☐ quarterly
 - ☐ annually

If any of the accountancy tasks listed here has been agreed, it is part of the present contract even though the Client may be under no obligation to carry out any accounting tasks.

cc) Payroll bookkeeping

- ☐ Payroll bookkeeping
- ☐ Payroll bookkeeping by electronic data processing using written information, or using data processing programmes provided by the Tax Adviser and used by the Client, including payroll tax pre-registration, statements of contributions paid to health insurances and transfer forms (without plausibility check)
 - ☐ in addition:
health insurance registration and deregistration,
pay verification for employer's liability insurance
association (with plausibility check)
 - ☐ in addition:
health insurance registration and deregistration,
pay verification for employer's liability insurance
association (with plausibility check) and
supervision of taxation of temporary workers'
payroll (full service)

dd) Other accounting tasks

- ☐ Asset accounting
- ☐ Other accounting tasks
- ☐ Assistance from tax adviser in raising the inventory
- ☐ Setting up of the bookkeeping system

- ☐ Supervision of the bookkeeping carried out by the client
- ☐ monthly
 - ☐ quarterly
 - ☐ annually

h) Other

- ☐ business consultancy concerning:
- ☐ advisory opinion concerning:
- ☐ routine inspection of articles of association/ incorporation/ partnership with regard to taxation
- ☐ routine inspection of wills and contracts of inheritance with regard to taxation

This contract does **not** authorise representation before authorities, courts or any other bodies or individuals. Authorisation has to be granted separately. Activities outside the Tax Adviser's domain, such as setting pay rates, examining labour contracts, legal advice unrelated to tax matters or advice in matters of foreign law are not the object of the present contract.

This contract is a framework contract for the entire contractual relationship, both present and future.

§ 2 The Tax Adviser's rights and obligations

(1) The Tax Adviser will perform the mandate given above dutifully and professionally, and will act only in accordance with the requirements of this mandate. In accordance with the law, he/she is required to treat as **strictly confidential** any matters relating to the Client that may come to his/her attention in the course of his/her activities, unless the Client has waived his/her right to confidentiality in writing. The Tax Adviser is bound by this duty of confidentiality even after the present contract has been terminated.

(2) The duty of confidentiality does not apply if information is revealed to protect the legitimate interests of the Tax Adviser or his/her colleagues. For example, the Tax Adviser is not bound by the duty of confidentiality if he/she is obliged by the terms of his/her

professional liability insurance to co-operate and to provide information. He/she may also provide documents in this context. In any other circumstances, he/she may not give reports, advisory opinions or any other written documents concerning the results of his/her activities without the Client's consent.

(3) The Tax Adviser's duty to exercise his/her legal rights to withhold information or evidence is not affected.

(4) The Tax Adviser's activities will be performed on the basis of documents and information provided by the Client. The Tax Adviser will assume that facts and figures, particularly the latter, provided by the Client are accurate; he/she will indicate any inaccuracies he/she identifies. He/she will check the accuracy, completeness and regularity of the documents and figures provided, particularly the accounts and balance, only if this has been specifically agreed in writing.

(5) In the course of his/her tasks, the Tax Adviser is entitled to use the services of qualified third parties and data processing companies. The Tax Adviser is, however, required to ensure that the latter also observe their duty of confidentiality. In particular, if required to do so, the Tax Adviser is entitled to grant any appointed representatives (§ 69 German Act on Tax Advice - Steuerberatungsgesetz) or trustees (§ 71 Steuerberatungsgesetz) access to reference files as defined in § 66 (3)

Steuerberatungsgesetz. The Client's personal data will be compiled, used and stored in accordance with German Data Protection Law.

(6) If, due to the Client's absence, it is not possible to agree with the latter on the lodging of appeals, the Tax Adviser is in case of doubt entitled and obliged to carry out any activities necessary to observe a time limit.

(7) Should the Tax Adviser wish to undergo a certification procedure (e.g., in accordance with ISO 9001:2000) to ensure and promote the quality of his/her practice, the Client hereby agrees that third parties may have access to the data he/she has provided if necessary. The same applies in the event that the practice is sold (with respect to the purchaser), if freelancers are hired (inasmuch as the latter are legally bound by duty of confidentiality), or if the Tax Adviser establishes a joint practice or a tax adviser company.

§ 3 The Client's rights and obligations

(1) The Client has to make available to the Tax Adviser all information and documents required for the completion of the assignment, leaving the Tax Adviser an adequate amount of time. He/she has to make necessary declarations (e.g. declarations of completeness) in time. The Client is obliged to take note of client newsletters sent by the Tax Adviser and to contact the latter in case of doubt.

(2) If the Tax Adviser installs data processing programmes on the Client's premises, the Client is obliged to follow the Tax Adviser's instructions regarding the installation and application of these programmes.

(3) The Client is obliged and entitled to make as many copies of these programmes as recommended by the Tax Adviser, whilst respecting others' copyright. The Client must not distribute the programmes. The Tax Adviser still holds all user rights. The Client must refrain from everything that may prevent the Tax Adviser from exercising his/her user rights with regard to the programmes. In the event that the contract is terminated, all installed programmes, including all copies made of them and all other programme documentation, must be handed over to the Tax Adviser immediately, and all stored programmes must be irretrievably deleted. If the Tax Adviser terminates the contract, however, the Client can continue to use the programmes for a term yet to be agreed, insofar as this is absolutely necessary to avoid legal disadvantages. The Client's documents must be collected from the Tax Adviser if the Client- Tax Adviser relationship is terminated.

(4) If the Client is in default in acceptance of the agreed services or fails to co-operate with the Tax Adviser as required, the Tax Adviser is entitled to inform the Client that he/she will refuse to continue the contract upon expiry of a reasonable period of time specified by the Tax Adviser. If the issue is not resolved in this period of time, the Tax Adviser is permitted to terminate the contract forthwith. The Tax Adviser's right to claim compensation for any excess expenses or damages incurred by the Client's defaulting or failing to co-operate is

not affected, even if the Tax Adviser does not exercise his/her right to terminate the contract.

(5) The Client is obliged not to pass on the Tax Adviser's output without the latter's written consent. This does not apply if and inasmuch as such output is normally passed on to third parties. If such output is passed on a third party, the Client must notify the latter in writing of the agreed limitations of liability.

§ 4 Remuneration

(1) For reserved tasks of tax advisers pursuant § 33 German Act on Tax Advice (Steuerberatungsgesetz), the professional fee is set by

☐ the German Scale of Charges and Fees for Tax Advisers (Gebührenverordnung für Steuerberater, Steuerbevollmächtigte und Steuerberatungsgesellschaften) in the relevant version at the time of the Tax Adviser's activity.

☐ a separate remuneration agreement.

(2) For activities that fall outside the scope of the German Scale of Charges and Fees for Tax Advisers

☐ a separate remuneration agreement has been concluded;

Otherwise the usual remuneration pursuant § 612 (2) and § 632 (2) of the German Civil Code (Bürgerliches Gesetzbuch) shall apply.

(3) The Tax Adviser may ask the Client for a reasonable advance for the fees and expenses incurred or expected. If the advance is not paid the Tax Adviser may, following prior notice, cease to act for the Client until receipt of the advance.

(4) The Tax Adviser is obliged to inform the Client in due time of his intention to cease to act for the Client if the Client may suffer disadvantages from the termination of activity.

(5) A set-off or the exercise of a lien against the remuneration claim of the Tax Adviser is possible only if the Client's claim is undisputed or legally decided.

(6) The Tax Adviser may refuse handing over the reference files until his claims for remuneration and reimbursement of expenses are satisfied unless this appears disproportionate due to exceptional

circumstances, e.g. if the amount of the remuneration claim is negligible. For paid services, the Client renounces all legal remedies apart from the rectification of the invoice, without prejudice to claims for damages.

(7) Should the Client be in default of payment, the Client agrees, for the enforcement of the Tax Adviser's claim, to the involvement of third parties at the Tax Adviser's instigation, notably the collection agency or the clearing house and to an assignment of the claim or to a collection authorisation. In this case, the Tax Adviser is obliged by law (§ 402 of the German Civil Code – Bürgerliches Gesetzbuch) resp. by contract to provide to the new creditor or to the person authorised to collect the claim the information and the documents necessary to enforce the claim.

§ 5 Duration and termination of contract

(1) The contract ends when the agreed tasks have been completed, when the agreed term has elapsed, or when it is terminated. The contract does not end in the event of the Client's death or legal incapacity, or, in the case of a company, if the latter is liquidated.

☐ The contract is concluded as of for an indefinite period. The reasons for termination are subject to the provisions of law. Termination of the contract must be in writing. Any deviation herefrom must be done by a separate written agreement.

☐ The contract is concluded for a period starting until

(2) The contract extends for one year at a time if not terminated in writing 3 months prior to expiration.

(3) The contract applies for the activities that

☐ usually arise in this term

☐ economically belong to the aforementioned term.

(4) If the contract ends before the agreed end date, the Tax Adviser will receive payment appropriate for the amount of work completed before the contract ended.

§ 6 Guarantee

- (1) The Client has a right to correction of faults. If the Tax Adviser's work is erroneous, the Client has to give the Tax Adviser the possibility of supplementary performance. If the tax advice contract is a service contract pursuant §§ 611, 675 of the German Civil Code (Bürgerliches Gesetzbuch) the Client can refuse supplementary performance by the Tax Adviser if the contract has been terminated by the Client and the fault has been detected by another Tax Adviser.
- (2) If the Tax Adviser should not remedy the asserted faults within a reasonable period of time or if he/she refuses the correction for the faults, the Client may have the faults corrected by another tax adviser at the expense of the former or may choose reduction of remuneration or rescission of the contract.
- (3) Obvious inaccuracies (e.g. misspellings, miscalculations) and other faults may be corrected by the Tax Advisers vis-à-vis third persons without the Client's consent. The Client's consent is required if this is justified by an overriding interest of the Client.

§ 7 Liability

- (1) The Accountant is liable for his/her own faults and for the faults of his/her agents and subcontractors, unless this is precluded or limited in a special agreement.
 - (2) The liability of the Accountant for damages incurred as a result of professional negligence
- ☐ is limited to a sum of one million EUR, pursuant § 67a German Act on Tax Advice (Steuerberatungsgesetz), (1) no.2 , § 52, (1) and (3) DVStB.

- ☐ is set according to the conditions in the declaration attached to this contract (concentration of liability on individual partners, attachment)
- ☐ is covered by a professional liability insurance to be concluded specifically for this contract, which must cover a sum of at least one million EUR, and whose costs (EUR) are born by the Client.

(3) The right of the Client to claim damages caused by negligence is subject to a time limit of five years starting from the date of arisal of the claim, unless the law prescribes a shorter time limit.

(4) The Tax Adviser is liable to a third party only if and inasmuch as the former has agreed in writing that his/her output may be passed on to the third party in question.

§ 8 Other conditions

(1) Side agreements other than those mentioned in the present contract have not been concluded. Any alterations or amendments both to the present contract and to the side agreements mentioned must be made in written form. Any deviation herefrom must be done by a separate written agreement.

(2) The place of fulfilment and place of jurisdiction is

- ☐ the location of establishment of the Tax Adviser
- ☐ the location of a branch office of the Tax Adviser

(3) This contract, its fulfilment and any claims arising from it shall be subject to German law.

(4) If individual clauses of this contract should be or become ineffective, this shall not affect the validity of the remaining clauses. The ineffective clause must be replaced by a valid one which serves the intended purpose as much as possible.

§ 9 Other agreements

Place, date

Signature

(Tax Adviser)

Signature

(Client)