

Engagement letter checklist

The ten clauses to check before you sign, clause by clause

This wording is a starting point, not legal advice. Check your contract before you send it, and take advice if you are unsure.

This page explains a common clause in general terms. It is not legal advice, and contract law differs between countries. Ask a lawyer to review your own engagement letter.

Read the engagement letter and its standard terms with this list beside you. Tick a clause only when the letter in front of you says it, in words you can test. The clause pages on knowyourfees.org/contracts explain each one with a sample clause and the questions to ask.

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01 Fee basis

- ☐ The letter says this in words we can test
- ☐ We have asked for it to be changed
- ☐ A lawyer in our country has reviewed it

LOOK FOR

A version that is easy to live with names the base in words you can check, says whether the fee is on the amount claimed or the amount received, states any cap or minimum as a figure, lists what is extra and at what rate, and comes with a worked example on your own figures. You should be able to take the clause and your expected claim and write down the fee.

ASK MORE ABOUT

A version to ask more about uses a percentage of "the benefit" or "the value" without a definition, measures the fee as filed with no adjustment if the claim is later reduced, mentions extras without pricing them, or refers you to standard terms rather than the letter in front of you. None of these means anything is wrong. Each of them means you do not yet know what you will pay.

knowyourfees.org/contracts/fee-basis

02 What counts as the benefit

- ☐ The letter says this in words we can test
- ☐ We have asked for it to be changed
- ☐ A lawyer in our country has reviewed it

LOOK FOR

A version that is easy to live with defines the Benefit as the amount of credit or relief you actually receive, says how a reduction in tax and a carried forward amount are treated and when the fee on them falls due, and points to the clause that adjusts the fee if the claim is reduced. A worked example on your own figures shows which amount the percentage applied to.

ASK MORE ABOUT

A version to ask more about defines the Benefit as the amount claimed, includes amounts carried forward with the fee due immediately, or leaves a word like "obtained" or "value" to do the work of a definition. Ask for one sentence that names the amount in words you can check, and for that sentence to go into the letter.

knowyourfees.org/contracts/what-counts-as-the-benefit

03 Review and audit support

- ☐ The letter says this in words we can test
- ☐ We have asked for it to be changed
- ☐ A lawyer in our country has reviewed it

LOOK FOR

A version that is easy to live with says what the support covers (correspondence, meetings, revised calculations, work on new information from the tax authority), how long it lasts after filing, whether it is included in the fee or priced, and who will do it. It survives the end of the engagement, because the review may arrive after it.

ASK MORE ABOUT

A version to ask more about says support is "available" without saying whether it is included, ends the support when the engagement ends, prices it by the hour with no estimate or budget, or limits it to the claim as filed so that any new question is new work at a new price. If support is priced separately, that can be a fair choice, provided you knew it when you compared proposals.

knowyourfees.org/contracts/review-and-audit-support

04 Fee refund if the claim is reduced

- ☐ The letter says this in words we can test
- ☐ We have asked for it to be changed
- ☐ A lawyer in our country has reviewed it

LOOK FOR

A version that is easy to live with says in both directions what happens: the fee is recalculated on the amount finally agreed, any excess is refunded, and the refund has a date. It names the exceptions in words you can test, such as information you did not disclose, rather than a general "unless the reduction is not our fault". It works alongside the review clause, so that the help with the review and the money are both covered.

ASK MORE ABOUT

A version to ask more about is missing altogether, so check for it first. Or it refunds only "at our discretion", or only where the adviser "accepts responsibility", or excludes every reduction "arising from the tax authority's interpretation", which could cover a great many reductions. A fee on the amount claimed with no refund clause is a fair model only if you chose it knowing that.

knowyourfees.org/contracts/fee-refund-if-the-claim-is-reduced

05 Termination and exit fees

- ☐ The letter says this in words we can test
- ☐ We have asked for it to be changed
- ☐ A lawyer in our country has reviewed it

LOOK FOR

A version that is easy to live with has a notice period measured in weeks, no minimum term that was not discussed, a plain statement that only work completed is payable, records and working papers returned without charge and within a set time, and a narrow rule for a claim in progress, such as a fee only where the adviser's work is actually used to file.

ASK MORE ABOUT

A version to ask more about has a notice period longer than three months, an exit fee that applies however the engagement ends, a fee on any claim filed after termination whether or not the adviser's work is used, records released only on payment, or a minimum term that appears in the terms but not in the proposal. A minimum term agreed openly in exchange for a lower fee can be fair; the question is whether you knew.

knowyourfees.org/contracts/termination-and-exit-fees

06 Ownership of records and work

- ☐ The letter says this in words we can test
- ☐ We have asked for it to be changed
- ☐ A lawyer in our country has reviewed it

LOOK FOR

A version that is easy to live with says that your records and data are yours, that you receive a complete copy of the claim as filed and the working papers behind it as a matter of course, not only on request, that nothing is withheld for unpaid fees, and that the adviser keeps its file for at least as long as the tax authority can review the claim.

ASK MORE ABOUT

A version to ask more about makes the working papers the adviser's property with no right for you to a copy, releases them only on payment of all sums due, charges for providing them, or is silent, so that you do not know what you are entitled to beyond what was filed. "Licensed for the purpose of the Claim" is fair as far as it goes; ask what it stops you doing with the papers, such as giving them to a new adviser.

knowyourfees.org/contracts/ownership-of-records-and-work

07 Liability and indemnity

- ☐ The letter says this in words we can test
- ☐ We have asked for it to be changed
- ☐ A lawyer in our country has reviewed it

LOOK FOR

A version that is easy to live with sets a cap you can see, says what is inside and outside it in plain words, leaves a route to the fee refund clause rather than cutting across it, keeps the indemnity you give narrow and specific, and tells you to take advice. A cap at the fee is one choice an adviser can fairly make; what matters is that you understood it when you compared the price.

ASK MORE ABOUT

A version to ask more about excludes "any loss whatsoever", caps liability at a figure far below the fee, asks you to indemnify the adviser against the adviser's own errors, or has an indemnity that runs one way only. Whether a limitation is effective is a question for a lawyer in your country, not for this page: a clause being in the letter does not tell you whether it would hold, and this page does not say.

knowyourfees.org/contracts/liability-and-indemnity

08 Who signs the claim

- ☐ The letter says this in words we can test
- ☐ We have asked for it to be changed
- ☐ A lawyer in our country has reviewed it

LOOK FOR

A version that is easy to live with gives you the full claim, with the calculations and the technical case, before filing and with time to read it, makes your written approval a condition of filing, names the adviser on the form wherever the form provides for it, and does not ask you to warrant things you cannot check.

ASK MORE ABOUT

A version to ask more about lets the adviser file under an authority you gave at the start, treats your approval of a summary as approval of the claim, is silent on whether the adviser will be named where the form asks, or asks you to confirm the technical descriptions are accurate without providing for your technical people to read them. A statement that the adviser gives no opinion on acceptance is not a flaw; it is a reason to ask how the adviser decides what qualifies.

knowyourfees.org/contracts/who-signs-the-claim

09 Confidentiality

- ☐ The letter says this in words we can test
- ☐ We have asked for it to be changed
- ☐ A lawyer in our country has reviewed it

LOOK FOR

A version that is easy to live with binds both sides equally, names the purposes the information may be used for, requires any subcontractor to be under the same obligations and tells you who they are, asks your permission before naming you in marketing, and runs for as long as the information stays sensitive rather than a fixed short period.

ASK MORE ABOUT

A version to ask more about binds only you, lets the adviser share your information with "associated businesses" or "partners" without saying who, allows marketing use without consent, or ends the obligation on a date while the information is still valuable. If an introducer was involved, this is also the place to ask what was shared with them and whether anyone was paid for the introduction.

knowyourfees.org/contracts/confidentiality

10 Multi-year and renewal terms

- ☐ The letter says this in words we can test
- ☐ We have asked for it to be changed
- ☐ A lawyer in our country has reviewed it

LOOK FOR

A version that is easy to live with states the term in the letter rather than the standard terms, gives a notice period of three months or less, has the adviser remind you in writing before each renewal date, lets you decide each year whether to claim, and charges nothing for a year in which you do not.

ASK MORE ABOUT

A version to ask more about renews automatically with a notice period longer than three months, carries the fee basis forward for years without a fresh look, charges a minimum, a retainer or an exit fee for a year without a claim, or puts the renewal in a document you have not read. Write the notice date in your diary the day you sign.

knowyourfees.org/contracts/multi-year-and-renewal-terms

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