



DISCIPLINE NOTICE MEMBER "A"

The Complaints Inquiry Committee entered into a sanction agreement with **Member "A"** on May 28, 2008.

A complaint was received against **Member "A"**. **Member "A"** had completed and filed personal income tax returns for a client and his wife. He advised the client to incorporate a professional corporation. However, **Member "A"** did not explain in any detail that withdrawing from that PC account would result in paying taxes. These actions resulted in a large tax amount owing to Revenue Canada.

A sanction agreement was accepted by the Complaints Inquiry Committee when **Member "A"**, admitted that he was guilty of unprofessional conduct in having:

1. failed to reflect the \$35,000 payable to his Client as professional fees instead of wages on the PC financial statements for the year ended December 31, 2004 and as result, that no advice was given to the Client that
 - a. the bonus should have been paid within 179 days of the year end and the source deductions on the bonus were late,
 - b. the source deductions on the bonus should be paid no later than January 15, 2006.
2. failed to document the advice provided to his Client concerning tax remittances to be paid on amounts taken from the PC for personal use and the tax remittances to be paid by the PC.
3. failed to explain to his Client the consequences of amending the T5 from a dividend of \$184,000 to \$100,000, namely, of having a debit balance in the shareholder's loan for two consecutive years and also failed to amend the draft PC financial statements for the year ended December 31, 2005 to reflect the amended dividend.
4. failed to advise his Client that
 - a. the 2004 corporate tax returns were not filed, and
 - b. the 2005 T5 was filed after the deadline.

Member "A" and the Complaints Inquiry Committee have agreed that the sanction to be imposed in consequence thereof will be:

1. a tax practitioner approved by the Chair of the Practice Review Committee perform a tax review of the tax practice of **Member "A"** and/or **Member "A"**'s PC and that **Member "A"** comply with the recommendations of the tax practitioner within the time specified.
2. **Member "A"**, and/or **Member "A"**'s PC pay a fine of \$5000; and

3. **Member “A”** and/or **Member “A”**'s PC pay costs of the investigation and compliance with the orders.

Publication

- notice of the admissions and sanctions be provided to all provincial institutes, the Institute of Chartered Accountants of Bermuda and any other professional organization **Member “A”** belongs to and the Institute is aware of, as of the date of this order,
- notice of the admissions and sanctions be provided to all provincial institutes to which **Member “A”** applies for membership at any time following this order,
- notice of the admissions and sanctions be provided to any member of the public who directs an enquiry to the Institute about the discipline history of **Member “A”** and/or **Member “A”**'s PC, and
- a summary of the admissions, the nature of the conduct and the sanctions be published on the ICAA public website on a named basis.

Discipline Tribunal Secretary
May 29, 2008