



# STANDARD TERMS & CONDITIONS

Version December 2021

## TERMS AND CONDITIONS

### 1. Introduction

- 1.1. The following pages set out the terms and conditions under which we agree to act. These terms and conditions (as updated from time to time) form part of the letter of engagement between us.
- 1.2. These terms and conditions shall remain in force unless and until they are replaced by updated terms and conditions.

### 2. Applicable Law

- 2.1. Our engagement with you and the provision of the services provided are governed by the law and practice of England & Wales. Accepting the letter of engagement and these terms confirms both of our agreements that the courts of England & Wales will have exclusive jurisdiction over any claim or dispute over any matter in respect of the engagement.

### 3. Professional Body

- 3.1. We are subject to regulation by The Association of Accounting Technicians (AAT), The Institute of Financial Accountants (IFA) and The Association of Taxation Technicians (ATT)
- 3.2. The website of our professional body is [www.aat.org.uk](http://www.aat.org.uk) where you can find details of our firm in the register of members along with the code of ethics and the regulatory framework with which we are required to comply.

### 4. Client Money

- 4.1. Client money is money in any currency or form that we receive from a client or hold for a client which is not immediately due to us in accordance with our agreement. Fees paid in advance for agreed services to be provided are not client money and will not be required to offset these against our fees.
- 4.2. We will not hold assets belonging to you or any of our clients.

### 5. Investment Advice, Funding & Consumer Credit

- 5.1. Investment business is regulated under the Financial Services and Markets Act 2000.
- 5.2. We don't provide investment services neither do we refer.

### 6. Commissions Received Excluding Investment Business Commissions

- 6.1. From time to time we or another connected business may receive a commission or other benefit because of an introduction to another professional or a transaction arranged for you.
- 6.2. If this occurs, we shall account to you for the commission, which means you will be notified in writing of the terms and payment of the commission or benefit.

### 7. Data Protection

- 7.1. We will comply with the General Data Protection Regulations and the Data Protection Act 2018 when dealing with your personal data.
- 7.2. GDPR provides that: Personal data only includes information relating to natural persons who:
  - i. can be identified or who are identifiable, directly from the information in question;
  - or
  - ii. who can be indirectly identified from that information in combination with other information.
- 7.3. This will include but is not limited to a name, identification number, location data and an online identifier.
- 7.4. When providing accountancy services we will usually be acting as a controller under the regulations. We will be controllers as we will make decisions about processing activities when providing the agreed service to you.
- 7.5. We may act as a processor when providing certain services such as payroll. In this case you would be the controller and we would act on your instructions.
- 7.6. We ensure that we comply with the principles as set out in the GDPR (for more information see [www.ico.org.uk](http://www.ico.org.uk)) when collecting and processing data. These principles are:
  - i. Lawfulness, fairness and transparency
  - ii. Purpose limitation
  - iii. Data minimisation
  - iv. Accuracy
  - v. Storage limitation
  - vi. Integrity and confidentiality
  - vii. Accountability
- 7.7. In order to comply with these principles we will:
- 7.8. Provide you with a privacy notice which should be read in conjunction with the letter of engagement, schedules of services and these terms and conditions
- 7.9. Ensure that the information that we collect and process is limited to that necessary for:
  - i. Providing the agreed services
  - ii. Complying with legal and regulatory obligations
  - iii. Contacting you with details of other services (where consent has been given)
  - iv. Other legitimate reasons necessary to protect against claims or disciplinary action.
- 7.10. In order to comply with the regulations of our professional body AAT our files may be subject to review by a professional body, regulator or another qualified third party to ensure our continued compliance with those regulations.

### 8. Anti-Money Laundering Compliance

- 8.1. We are supervised by the Association of Accounting Technicians for anti-money laundering compliance. We are required to obtain information to identify and verify our clients. This may be done by requesting the information from you and/or by making searches of appropriate databases designed for the purpose.
- 8.2. We will not usually be able to start working for you until such time as this information is received.

## **9. Bribery Act 2010**

9.1. In accordance with the requirements of the Bribery Act 2010 we have policies and procedures in place to prevent the business and staff from offering or receiving bribes.

## **10. Conflicts of Interest**

10.1. Where there is a conflict of interest in our relationship with you or in our relationship with you and another client we will notify all parties and where possible apply appropriate, agreed safeguards to protect the interests of all parties.

10.2. Where suitable safeguards cannot be applied we may be unable to provide further services.

10.3. We reserve the right to act for other clients whose interests are not the same as or are adverse to yours, subject, of course, to the obligations of confidentiality referred to below.

## **11. Professional Indemnity Insurance**

11.1. We are required by our professional body AAT to have professional indemnity insurance.

11.2. Details about the insurer and the territorial coverage can be provided on request at our offices by appointment or via email.

## **12. Complaints**

12.1. We aim to provide an excellent service at all times. However should you be dissatisfied in any way please contact our Practice Manager Claire Orriss. This may be done by writing to Unit 9 Byford Court, Crockatt Road, Hadleigh, Ipswich, IP7 6RD, or by telephoning this office, or by emailing Claire Orriss at [info@suffolk.tax](mailto:info@suffolk.tax).

12.2. We undertake to look into any complaint carefully and promptly and to take all reasonable measures to resolve the position to your satisfaction. If we do not deal with your complaint to your satisfaction you may take up the matter with our professional body AAT. At that point, if appropriate, we shall also provide you with details of an approved body that you may wish to contact with regard to a possible alternative dispute resolution process.

## **13. Confidentiality**

13.1. In accordance with our code of ethics all communication between us is confidential.

Information will not be disclosed unless authorised by you (for a specific item or generally via the privacy notice) or where required by law or regulation.

## **14. Disengagement**

14.1. When we cease to act for you a disengagement letter may be issued. This will ensure that our respective responsibilities are clear and agreed.

14.2. Should we be unable to contact you we may issue a disengagement letter to your last known address and cease to act.

14.3. Each of us may terminate this engagement by giving not less than 30 days notice in writing to the other party, except where you fail to cooperate with us or we have reason to believe that you have provided us or HMRC with misleading information, in which case we may terminate this engagement immediately.

14.4. Termination shall be without prejudice to any rights that may have accrued to either party prior to termination.

14.5. We shall also have the right to terminate this engagement and cease to work for you in the event that you fail to pay our invoices or if you fail to provide us with complete timely or accurate information to enable us to carry out the services we have agreed to perform for you.

14.6. In the event of termination of this engagement we will endeavour to agree with you the arrangements for completion of the work in progress at the time, unless we are required for legal or regulatory purposes to cease work immediately. In that event, we shall not be required to carry out further work and shall not be responsible or liable for any consequences arising from termination.

14.7. At the time of termination of this engagement (for whatever reason) we will invoice you for all work carried out to the point of termination (in so far as not already invoiced) at our normal hourly rates.

14.8. Our engagement with you will cease once we have completed all work that we have agreed to perform for you under this engagement.

14.9. Once our engagement with you has terminated or ceased (for whatever reason) we shall owe you no further duties to act for you or to advise beyond the date of termination or cessation of the engagement.

## **15. Communication**

15.1. We will communicate with you and any agreed third party by a secure method as agreed.

15.2. If you have provided us with your email address, we shall accept that as your authorisation to communicate with you by email, unless you withdraw that authorisation. Where you have agreed to receive electronic communications you acknowledge:

i. Although we take all reasonable care there is a risk of non-receipt, delays, misdirection or interception by a third party

ii. Although we use up to date virus protection software to reduce the risk you are responsible for virus checking any emails and attachments

iii. However careful parties are there is a risk associated with electronic communication which you accept in return for speed and efficiency.

15.3. In order to ensure that communication is effective you are required to notify us promptly of any change of postal or email address.

## **16. Fees, Payment Terms & Timetable**

16.1. We will usually provide you with a fixed fee or hourly rate based quotation for each specified piece of work, such quotation will be set out in Proposal in respect of that work. We shall never provide a fixed fee quotation in respect of professional work to be undertaken more than one year ahead of the date of the quotation.

16.2. Unless agreed to the contrary, any estimate of our fees or a fixed fee quotation does not include any disbursements, or the costs of any third party, which shall be added to our invoices.

16.3. Where information is provided later than agreed in the key dates schedule an additional fee may be charged to ensure that the deadline for completion and submission of the information is met.

16.4. Any work to be carried out beyond that in a fixed fee quotation will be charged at our normal hourly rates, details of these are available on request. We reserve the right to increase our hourly rates at reasonable intervals, without notice. **Please contact us at any time if you would like the current list of hourly rates.**

16.5. Any fees quoted or estimated are stated exclusive of VAT, which shall be added to our invoices if and when VAT is chargeable.

16.6. We may request from you one or more payments on account of our fees and disbursements.

16.7. Invoices for our fees will be issued to you at appropriate intervals in accordance with the agreement and payment plan.

16.8. Our fees are due for payment within 5 days of the date of issue of the relevant invoice.

16.9. We may agree to spread payment of your fees by way of monthly payments – by standing order or direct debit – over a period of up to one year. Any monthly standing order or direct debit agreed between us will be calculated with the expectation that your payments will be sufficient to settle the invoiced amount upon completion of the assignment to which the standing order or direct debit relates. Where, during the course of an assignment, it becomes necessary to revise the estimate of fees, we shall explain the revised estimate to you in writing, and require you to amend the monthly standing order or direct debit accordingly.

16.10. In any situation where our fees are expected to be paid by a third party (e.g. by an insurance provider in relation to an HMRC investigation), until those fees have been paid in full, you shall remain liable for our fees.

**16.11. We reserve the right to increase our fees on an annual basis.**

16.12. We reserve the right to stop work on your affairs entirely where any fees due from you remain outstanding 5 days after the issue of the relevant invoice.

16.13. We reserve the right to charge interest under the Late Payment of Commercial Debts (Interest) Act 1998.

16.14. We also reserve the right to suspend our services or cease to act for you on giving written notice if payment of any fee is unduly delayed. We intend to exercise these rights only where it is reasonable and fair to do so.

16.15. In respect of a client that is not a natural person, where that client is unable or unwilling to settle our fees, or where fees are overdue (as described above), we shall seek payment from the natural person (or parent entity) who gave us instructions on the client's behalf, and we shall be entitled to enforce any fees due against them.

16.16. If you do not accept that an invoiced fee is fair and reasonable you must notify us within 30 days of receipt, failing which you will be deemed to have accepted that payment is due.

16.17. In the case of company debts, this debt can be passed to the company directors or shareholders who become legally liable for the debts of the business.

## 17. Lien

17.1. In so far as permitted to do so by law and professional guidelines, we reserve the right to exercise a lien over all funds, documents and records in our possession relating to all assignments undertaken for you until all outstanding fees and disbursements are paid in full.

## 18. Advice

18.1. We will assist in implementing advice only where this has been agreed in writing.

18.2. Advice given is valid at the time it is given. If you are implementing plans yourself at a later date you need to confirm that there have been no changes in any relevant facts or to laws and regulations that will impact on the validity of the advice.

18.3. Advice given orally should not be relied upon unless confirmed in writing.

18.4. Advice given by a non-principal should not be relied upon unless confirmed in writing by a principal.

18.5. Any advice given is for the use of the addressee of the engagement letter only. We accept no responsibility to any party who is not a party to this agreement.

18.6. Any advice given to you should not be passed to a third party without our express permission.

## 19. Delivery of Our Services

19.1. You agree to provide full and accurate information necessary for us to advise in relation to your affairs. We will rely on the information and documentation true, correct and complete, and will not, (unless agreed otherwise in writing) audit the information or those documents. We are not responsible for any inaccuracies in the information provided to us by you or third parties, and our advice is based on that information.

19.2. If we ask for information to be provided to us by a specific date, we shall not be responsible for any losses arising if you provide information after that date, for example, in relation to the completion of tax returns, even if you provide the information prior to the filing deadline for the return.

19.3. We strongly recommend that you instruct us sufficiently in advance so that we have time to give properly considered advice prior to any deadline.

19.4. If you delay in providing information to us, such that we are unable to provide the agreed services, we may seek to resign from the engagement.

19.5. You authorise us to approach such third parties as may be appropriate for information that we consider necessary to perform the engagement.

19.6. You confirm that we may contact HMRC to advise them of any errors that we consider to be material that we identify in your reported tax affairs without your prior written consent (although we will, of course, advise you of such action).

## 20. Personal Tax Returns

The following terms will apply where we act as accountants and advisors with regard to your personal tax affairs and to clarify our respective responsibilities in respect of that work.

### Your Responsibilities:

Provision of Information by You

You are legally responsible for:

- ensuring that your self-assessment tax returns are correct and complete;
- filing any returns by the due date; and
- making payment of tax on time. Failure to do this may lead to automatic penalties, surcharges and/or interest. Taxpayers who sign their returns cannot delegate this legal responsibility to others. You agree to check that returns we have prepared for you are complete before you approve and sign them. You authorise us to file your tax return online. To enable us to carry out our work you agree:

- that all returns are to be made on the basis of full disclosure of all sources of income, charges, allowances and capital transactions. In accepting the terms of business you recognise that we will observe the professional rules and practice guidelines of our institutes. In particular you give us authority to correct HMRC errors, even if doing so results in correction of an error made in your favour.
- to provide full information necessary for dealing with your affairs; we will rely on the information and documents being true, correct and complete and will not audit the information or those documents;
- to keep us informed of any specific conditions that have been imposed on you by HMRC – for example: to provide more detailed accounts or to have a qualified accountant prepare your tax returns and/or certify that they are accurate;
- to authorise us to approach such third parties as may be appropriate for information that we consider necessary to deal with your affairs; and
- to provide us with information in sufficient time for your tax return to be completed and submitted by the due date following the end of the tax year. Key dates for filing returns Filing date 31 October - Information to be received by 31 August. Employees where PAYE underpayment under £3,000 to be collected through tax code. Revenue guarantee to send completed statement of liability. Manual filing of return

For all other cases the final deadline is 31 January - Information to be received by 30 November. If you think you need or want a filing date of 31 October, please indicate clearly the date you wish to achieve. If for any reason we do not receive all relevant information by this date we may, at our discretion and depending on our work capacity, still endeavour to complete your tax return so that it can be submitted on time. We reserve the right to make an additional charge for such work. You will keep us informed of material changes in your circumstances that could affect your tax liability. If you are unsure whether the change is material or not please let us know so that we can assess the significance or otherwise. In particular, you may be liable to a 'high income child benefit charge' if, at any time during a tax year, you are entitled to child benefit or you have a partner who is entitled to child benefit. Please note that, for this purpose, 'partner' is wide ranging and includes not only spouses and civil partners (who are not separated) but a person (male or female) with whom you are living together as husband and wife or as civil partners. Where this applies, you will keep us informed of child benefit entitlement amounts and, where applicable, any changes to your relationship status with your partner. HMRC will send you an agent authorisation code which expires within 30 days of issue. Please send this to us as soon as you receive it. This code will enable us to register as your agent with HMRC, and authorises HMRC to communicate with us as your agent, although they consider that you should still take 'reasonable care' over your tax affairs. You will forward to us HMRC statements of account, PAYE coding notices, copies of notices of assessment, letters and other communications received from HMRC in time to enable us to deal with them as may be necessary within the statutory time limits. Although HMRC have the authority to communicate with us, if relevant through the form 64-8, it is essential that you let us have copies of any correspondence received from HMRC to avoid any breakdown in communication.

If a sole trader, you are responsible for monitoring your monthly turnover to establish whether you are liable to register for VAT.

If you do not understand what you need to do, please ask us. If you exceed the UK VAT registration threshold and you wish us to assist you in notifying HMRC of your liability to be VAT registered, we will be pleased to assist you in the VAT registration process. You should notify us of your instructions to assist in your VAT registration in good time to enable a VAT registration form to be submitted within the time limit of one month following the month in which you exceed the VAT registration threshold in force at that time. We will not be responsible if you fail to notify us in time and, as a result, incur a late registration penalty. The same applies for equivalent non-UK taxes. You are also responsible for employment taxes, pensions (including auto-enrolment) and the assessment of the tax status of your workers, including domestic staff. If you do not understand what you need to consider or what action you need to take, please ask us. We will not be in a position to assist you in complying with your responsibilities if we are not engaged to provide such a service. We are not responsible for any penalty that is incurred. You and your spouse/partner, if relevant if you have a spouse or partner, to enable us to work in your best interests, we shall advise you and your spouse/partner on the basis that you are a family unit. On this basis you both agree that in all matters relating to you or your spouse's/partner's tax and financial affairs we may deal directly with either of you, and discuss these matters with either of you. If you are not happy with these arrangements at any time, please let us know. In order for us to act for you as a family unit, you undertake that all instructions, information or explanations either of you gives us will be on behalf of both of you, unless you specifically tell us otherwise. Similarly, if one of you signs a document, it will be on behalf of you both unless you instruct us to the contrary. If a conflict of interest should arise between you in relation to any matter to do with your joint claim or entitlement, we reserve the right to cease acting for both of you, or to advise one or other of you to obtain independent advice.

### Our responsibilities as accountants

Where you have a profit or loss share from the accounts of an unincorporated business, the profit from accounts prepared under generally accepted accounting principles may require adjustment to arrive at the profit figure assessed for tax. We will prepare the income tax computations based on the accounts of your business from the accounting records and other information and explanations provided by you. We will advise you as to the adequacy of your records for this purpose. We will prepare your self-assessment tax return together with such supplementary schedules that are required from the information and explanations that you provide to us. Once we have obtained your approval and signature, we will submit your returns to HMRC. You must read and approve the declaration statement contained on the final page of the Tax return TR8 before your return can be submitted to HMRC. Confirmation that you have done so will suffice. Where your Tax Return contains a claim for repayment and you require the repayment to be sent to your bank, building society or other nominee, the relevant question within the return must be completed. Please note the receipt of these nomination details included with the other return information received using the Online Service will be taken to be your formal approval to such a nomination for repayment purposes. When filed online the Tax Return will contain the following declaration from us to HMRC: "I confirm that my client has received a copy of the information contained in this return and approved the information as being correct and complete to the best of their knowledge and belief". We will either calculate or check HMRC's calculation of your income tax, national insurance contributions, and any capital gains tax liabilities and advise you how much you should pay and when. We will advise on the interest and penalty implications if tax or national insurance contributions are paid late. If appropriate we will initiate repayment claims when tax has been overpaid. With the exception of credits and universal credit (see below) we will advise as to possible claims and elections arising from the tax return and from information supplied by you. Where instructed by you, we will make such claims and elections in the form and manner required by HMRC.

We will deal with all communications relating to your return addressed to us by HMRC or passed to us by you. However, if HMRC choose your tax return for enquiry we will discuss the position with you and agree the basis on which we will deal with such enquiries on your behalf. When dealing with HMRC, or the Contributions Agency, we shall be doing so as your agents. We will check PAYE notices of coding where such notices are forwarded to us. If relevant, it is our policy to confirm in writing advice upon which the business may wish to rely.

We will prepare your tax return in future years under the same conditions as above. You and your spouse/partner if relevant to enable us to work in your best interests, we shall advise you and your spouse/partner on the basis that you are a family unit. If a conflict of interest should arise between you, we reserve the right either to cease acting for both of you, or to advise one of you to obtain independent advice.

#### **Ad hoc and advisory work**

Where you have instructed us to do so, we will also provide such other taxation ad hoc and advisory services as may be agreed between us from time to time. These may be the subject of a separate engagement letter at our option. Where appropriate we will discuss and agree an additional fee for such work when it is commissioned by you. Examples of such work include:

- Advising on ad hoc transactions, preparing additional supplementary pages to your tax return and calculating any related liabilities;
- Dealing with any enquiry opened into your tax return by HMRC;
- Preparing any amended returns which may be required and corresponding with HMRC as necessary; and
- Advising on the rules relating to and assisting with VAT registration. Where specialist advice is required on occasions we may need to seek this from or refer you to appropriate specialists.

#### **Personal Tax credits**

The government has used the tax system to introduce a number of Social Security benefits, including child and working tax credits. Tax credits need to be claimed. They are not paid automatically. Furthermore, a claim cannot be backdated by more than three months. Accordingly, even if your income is normally over the threshold it may be sensible to put in a protective claim in case your circumstances change unexpectedly. It is your responsibility to decide if you wish to make a claim. Our taxation department will be pleased to assist you if you advise us in good time that you wish to make a claim.

#### **21. Partnership tax returns**

The following terms will apply where we act as accountants and advisors with regard to partnership tax self-assessment and clarify our respective responsibilities in respect of that work.

#### **Your responsibilities**

The partners are legally responsible for:

- ensuring that the partnership self-assessment tax returns are correct and complete;
- filing any returns by the due date; and
- reporting their allocation of the partnership profit or loss on their self-assessment tax returns and paying any associated tax on time.

Failure to do this may lead to automatic penalties, and/or interest. Taxpayers who sign their returns cannot delegate this legal responsibility to others. The Nominated Partner agrees to check that returns and partnership statements we have prepared for the partnership are complete before you approve and sign them. You must read and approve the declaration statement contained in question 11 box 11.3 of the Partnership Tax Return before your return can be submitted to HMRC. Confirmation that you have done so will suffice. When filed online the Tax Return will contain the following declaration from us to HMRC: "I confirm that my client has received a copy of the information contained in this return and approved the information as being correct and complete to the best of their knowledge and belief".

To enable us to carry out our work you agree:

- that all returns are to be made on the basis of full disclosure of all sources of income, charges, allowances and capital transactions; In accepting the terms of business you recognise that we will observe the professional rules and practice guidelines of our institutes. In particular you give us authority to correct HMRC's errors, even if doing so results in correction of an error made in your favour.
- to provide full information necessary for dealing with the partnership's affairs; we will rely on the information and documents being true, correct and complete and will not audit the information or those documents;
- to authorise us to approach such third parties as may be appropriate for information that we consider necessary to deal with the partnership affairs; and
- to provide us with information in sufficient time for the partnership tax returns to be completed and submitted by the due date following the end of the tax year. Key dates for filing returns Filing date 31 October - Information to be received by 31 August. Manual filing of return for all other cases the final deadline is 31 January - Information to be received by 30 November. If you think you need or want a filing date of 31 October, please indicate clearly the date you wish to achieve. If for any reason we do not receive all relevant information by this date we may, at our discretion and depending on our work capacity, still endeavour to complete your tax return so that it can be submitted on time. We reserve the right to make an additional charge for such work. You will keep us informed of material changes in circumstances that could affect the tax liabilities of the partners including, by way of example, changes in the partners in the partnership. If you are unsure whether the change is material or not please let us know so that we can assess the significance or otherwise. HMRC will send you an agent authorisation code which expires within 30 days of issue. Please send this to us as soon as you receive it. This code will enable us to register as your agent with HMRC, and authorises HMRC to communicate with us as your agent, although they consider that you should still take 'reasonable care' over your tax affairs. You will forward to us HMRC statements of account, copies of notices of assessment, letters and other communications received from HMRC in time to enable us to deal with them as may be necessary within the statutory time limits. Although HMRC have the authority to communicate with us, if relevant through the form 64-8 it is essential that you let us have copies of any correspondence received from HMRC to avoid any breakdown in communication. You are responsible for monitoring the partnership's monthly turnover to establish whether the partnership is liable to register for VAT if it is not already registered. If you do not understand what you need to do, please ask us. If you exceed the UK VAT registration threshold and you wish us to assist you in notifying HMRC of your liability to be VAT registered, we will be pleased to assist you in the VAT registration process. You should notify us of your instructions to assist in your VAT registration in good time to enable a VAT registration form to be submitted within the time limit of one month following the month in which you exceed the VAT registration threshold in force at that time. We will not be responsible if you fail to notify us in time and, as a result, incur a late registration penalty. The same applies for equivalent non UK taxes. You are also responsible for employment taxes, pensions (including auto-enrolment) and the assessment of the tax status of your workers, including domestic staff. If you do not understand what you need to consider or what action you need to take, please ask us. We will not be in a position to assist you in complying with your responsibilities if we are not engaged to provide such a service. We are not responsible for any penalty that is incurred. Our responsibilities as accountants Profit from accounts prepared under UK GAAP or the cash basis may require adjustment to arrive at the profit figure assessed for tax. We will prepare computations of taxable profits and capital gains based on the partnership financial

statements from the accounting records and other information and explanations provided by you. We will prepare the partnership self-assessment tax returns and the annual partnership statements together with any supplementary pages required from the information and explanations that the partnership provides to us.

We will send you the computations of taxable profits and capital and the tax return and supporting schedules for you to approve and sign, and by signing you will take responsibility for its content. We will then submit it to HMRC. The return will be filed electronically unless you instruct us otherwise. If instructed we will provide each partner or their agent with details of the partner's allocations from the return to enable partners to fill in their self-assessment tax returns. We will advise as to possible claims and elections arising from the tax return and from information supplied by you. Where instructed by you, we will make such claims and elections in the form and manner required by HMRC. We will deal with all communications relating to the partnership return addressed to us by HMRC or passed to us by you. However, if HMRC choose the tax return for enquiry we will discuss the position with you and agree the basis on which we will deal with such enquiries on your behalf. When dealing with HMRC, or the Contributions Agency, we shall be doing so as your agents. It is our policy to confirm in writing advice upon which the partnership may wish to rely. Under self-assessment payment of tax is strictly an individual responsibility for each partner. We will calculate the tax due for each partner for whom we have been instructed to act and advise them accordingly. The preparation of Partners' personal returns is dependent on first preparing the partnership return for each year. We will prepare the tax return in future years under the same conditions as above.

#### **Ad hoc and advisory work**

Where you have instructed us to do so, we will also provide such other taxation advisory and ad hoc services as may be agreed between us from time to time. These may be the subject of a separate engagement letter at our option. Where appropriate we will discuss and agree an additional fee for such work when it is commissioned by you. Examples of such work include:

- Dealing with any enquiry opened into the Partnership tax return by HMRC; and
- Preparing any amended returns which may be required and corresponding with HMRC as necessary

Where specialist advice in certain areas is required on occasions we may need to seek this from or refer you to appropriate specialists.

## **22. Limited Company Accounts**

The following terms will apply where we act as accountants and advisors with regard to the production of the entity's financial statements in accordance with applicable accounting standards, and to clarify our respective responsibilities in respect of that work.

#### **Your responsibilities**

You are responsible for ensuring that, to the best of your knowledge and belief, financial information, whether used by the entity or for the financial statements, is accurate and complete.

You are also responsible for ensuring that the activities of the entity are conducted honestly, and for safeguarding the assets of the entity and for taking reasonable steps to ensure the prevention and detection of fraud and other irregularities.

You are responsible for ensuring that the entity complies with the laws and regulations applicable to its activities, and for establishing arrangements designed to prevent any noncompliance with laws and regulations and to detect any that occur.

You have agreed to make available to us, as and when required, all the accounting records and related financial information, including minutes of management (and shareholder) meetings, necessary to carry out our work.

You have agreed to make full disclosure to us of all relevant information and explanations relevant to the purpose and compilation of the financial statements, and you will disclose to us all relevant information in full. You will approve and sign the financial statements thereby acknowledging responsibility for them, including the appropriateness of the accounting basis on which they are compiled, and for providing us with all information and necessary explanations necessary for their compilation.

Additional directors' responsibilities where you operate as a limited company our work will be conducted on the basis that you acknowledge and understand that you have responsibility:

- to prepare financial statements which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. As directors you must not approve the financial statements unless you are satisfied that they give a true and fair view of the assets, liabilities, financial position and profit or loss of the company;
- in preparing those financial statements, to: a) select suitable accounting policies and then apply them consistently; b) make judgments and estimates that are reasonable and prudent; and c) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;
- for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the company and for ensuring that the financial statements comply with the Companies Act 2006 (CA 2006) and applicable accounting standards. You are also responsible for such internal control as you determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error; and
- for safeguarding the assets of the company and hence for taking reasonable steps to ensure the company's activities are conducted honestly for the prevention and detection of fraud and other irregularities. You are responsible for determining whether, in respect of the year, the company meets the conditions for exemption from an audit set out in CA 2006, s. 477, namely that it qualifies as a small company in relation to that year for the purposes of s. 381. You are responsible for determining whether, in respect of the year, the exemption is not available for any of the reasons set out in section 478 and 479 of the Act; a list can be supplied upon request. If you are in any doubt as to the eligibility to audit exemption please contact us to discuss this. The exemption is available only if you, as directors, sign a declaration as required by section 475(3) of the Act on the balance sheet stating that:
  - a) for the year in question, the company is eligible to take advantage of the audit exemptions;
  - b) the members have not required the company to obtain an audit of its financial statements for the year in accordance with CA 2006, S476; and
  - c) you acknowledge your obligations for complying with the requirements of CA 2006 with respect to accounting records and preparation of accounts.

#### **Our responsibilities as accountants**

You have asked us to assist you in the preparation of the financial statements. We will compile the financial statements for your approval based on the accounting records that you maintain and the information and explanations that you give us. We shall plan our work on the basis that no report is required by statute or regulation for the year, unless you inform us in writing to the contrary. In carrying out our

engagement we will make enquiries of management and undertake any procedures that we judge appropriate, but are under no obligation to perform procedures that may be required for assurance engagements, such as audits or reviews. We will not be carrying out an audit and accordingly will not verify the assets and liabilities of the entity, nor the items of expenditure and income. To carry out an audit would require additional work to comply with International Standards on Auditing (UK) so that we could report on the truth and fairness of the accounts. We would emphasise that we cannot undertake to discover any shortcomings in your systems or any irregularities on the part of your employees, although we will advise you of any such circumstances that we encounter in preparing your accounts. We have a professional duty to compile financial information that conforms with the generally accepted accounting principles selected by management as being appropriate for the purpose for which the information is prepared. The accounting basis on which the information has been compiled, its purpose and limitations will be disclosed in an accounting policy note to the financial information and will be referred to in our accountants' report. We also have a professional responsibility not to allow our name to be associated with financial information, which we believe may be misleading. Therefore, although we are not required to search for such matters, should we become aware, for any reason, that the financial information may be misleading, we will discuss the matter with you with a view to agreeing appropriate adjustments and/or disclosures in the financial information. In circumstances where adjustments and/or disclosures that we consider appropriate are not made or where we are not provided with appropriate information, and as a result we consider that the financial information is misleading, we will withdraw from the engagement. In these circumstances you agree that we have a right to invoice you for our time spent preparing and discussing the accounts with you and for time spent on any other work that is not completed as a result of our resignation. As part of our normal procedures when preparing the financial statements, we will attach an accountant's report to them. This report will state that they have been prepared from the books and records of the entity and from information supplied by the management. This report should not be used for any other purpose than as set out in our terms of business. Our report will be made solely to you. Our work will be undertaken so that we might compile the financial statements that we have been engaged to compile and report to you that we have done so, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than you for our work or for the report. If you wish, or are asked, to provide a copy of the financial statements to a third party you must seek our consent before you do this. You are not entitled to disclose our work to a third party without our express permission. We may grant consent subject to certain conditions; however, in every situation where we grant consent, the report must remain attached to the financial statements shown to the third party. As part of our normal procedures we may request you to provide written confirmation of any information or explanations given to us orally during the course of our work.

Our additional responsibilities as accountants where you operate as a limited company you have told us that the company is exempt from an audit of the financial statements and have asked us to assist you in the preparation of financial statements in accordance with the requirements of CA 2006 and to issue an accountant's report on those financial statements. We will compile the annual financial statements for your approval based on the accounting records maintained by you and the information and explanations that you give us. As a small entity, the company qualifies under CA06, s. 444(1), to file only the balance sheet and associated notes at Companies House. It is assumed that the company wishes to file the minimum of information at Companies House, and therefore the financial statements for filing purposes will be prepared on that basis unless you inform us otherwise. We do not have any responsibility to report whether any shareholder of the company has notified the company that he or she requires an audit. Consequently we have no responsibility to carry out any work in respect of this matter. We will not check whether the company is exempt from audit. However, should our work indicate that the company is not entitled to exemption from an audit of the financial statements, then we will inform you. In these circumstances, if appropriate, we will discuss with you the need to appoint us as auditors. Should you instruct us to carry out an audit then the additional terms noted in the company audit work section of these terms of business will apply. We have a professional duty to prepare financial statements that conform with general accepted accounting principles. Furthermore, as directors, you have a duty to prepare financial statements that comply with CA2006 and applicable accounting standards. Where we identify that the financial statements do not conform to accepted accounting principles or if the accounting policies adopted are not immediately apparent, this will be made clear in our report, if it is not clear in the financial statements. We will not specifically check the adequacy of your records; however, where any issues arise during the course of our work, we will advise you on whether your records are adequate for preparation of the financial statements and recommend improvements. We shall plan our work on the basis that no report is required by statute or regulation for the year, unless you inform us in writing to the contrary. In carrying out our engagement we will make enquiries of management and undertake any procedures that we judge appropriate but are under no obligation to perform procedures that may be required for assurance engagements, such as audits or reviews. Our work will not be an audit of the financial statements in accordance with International Standards on Auditing (UK). Accordingly, we will not obtain any evidence relating to entries in the accounting records, or to the financial statements or to the disclosures in the financial statements. Nor will we make any assessment of the estimates and judgments made by you in the preparation of the financial statements. Consequently our work will not provide any assurance that the accounting records or the financial statements are free from material misstatement, whether caused by fraud, or other irregularities or error. In addition, we have no responsibility to determine whether you have maintained adequate accounting records in accordance with CA 2006, s. 386, and we will not address this point unless you specifically request us in writing to do so. Since we have not carried out an audit, nor confirmed in any way the accuracy or reasonableness of the accounting records maintained by the company, we are unable to provide any assurance as to whether the financial statements that we prepare from those records present a true and fair view. We shall report, with any variations that we consider may be necessary, that in accordance with your instructions and in order to assist you to fulfil your responsibilities, we have compiled, without carrying out an audit, the accounts from the accounting records of the company and from the information and explanations supplied to us. This report should not be used for any other purpose than as set out in our terms of business. Our report will be made solely to the company's directors, as a body. Our work will be undertaken so that we might compile the financial statements that we have been engaged to compile and report to the company's directors that we have done so, and for no other purpose. To the fullest extent permitted by law, we will not accept or assume responsibility to anyone other than the company and the company's directors, as a body, for our work or for the report attached to the accounts. If you wish, or are asked, to provide a copy of the financial statements to a third party you must seek our consent before you do this. You are not entitled to disclose our work to a third party without our express permission. We may grant consent subject to certain conditions; however, in every situation where we grant consent, then the accountant's report must remain attached to the financial statements shown to the third party. We will insert the inline Extensible Business Reporting Language (iXBRL) "tags" in accordance with the tagging requirements specified by HMRC. This allows the data to be read by a computer. In most cases, we will use professional software to undertake the "tagging" and it is therefore agreed that you authorise us to process all normal/standard data tags without reference to you. However, as it is your legal responsibility to provide the information in iXBRL format, we will refer to you on any non-standard or judgmental areas.

### Transition to new accounting basis

Your responsibility for preparation of the financial statements extends to the application of exemptions and options on transition to, and application of, new accounting standards. As directors of the company you should also consider the impact of new accounting standards on the business, including the impact on going concern. Transition services when the financial statements are transitioned from Old UK GAAP to the new accounting basis, where you ask us to assist you, we will:

- Where there is more than one applicable accounting basis, advise you on the key elements of the different bases available to you and the impacts they may have on your accounts;
- Advise on the impact of the various transitional exemptions on moving to the new accounting basis and the factors to consider in reaching a decision on which to take advantage of;
- Advise you of the options available for presentation of the financial statements to assist you in making a choice;
- Prepare the transitional adjustment, based on the information provided by you, as at the start of the comparative period, and the related adjustments in the comparative and current period;
- Prepare the transitional disclosures as required or encouraged by the new accounting basis; and
- Advise on the taxation impact of the changes to the new accounting basis and how this may interact with the choices of policy and transitional exemptions available.

### Dormant companies

Where the company is dormant you are responsible for determining whether, in respect of the year, the company meets the conditions for exemption from an audit set out in section 480 of the Act, namely that:

- it has been dormant since its formation, or
- it has been dormant since the end of the previous financial year and the following conditions are met: for its individual accounts for the financial year in question the company:
  - is entitled to prepare accounts in accordance with the small companies regime as per sections 381 to 384 of the Act, or
  - would be so entitled but for having been a public company or a member of an ineligible group, and the company is not required to prepare group accounts for that year.

You are responsible for determining whether, in respect of the year, the exemption is not available for any of the reasons set out in section 481 of the Act. If you are in any doubt as to the eligibility to audit exemption please contact us to discuss this. The exemption is available only if you, as directors, sign a declaration as required by section 475(3) of the Act on the balance sheet stating that: a) for the year in question, the company is eligible to take advantage of the audit exemptions; b) the members have not required the company to obtain an audit of its financial statements for the year in accordance with CA 2006, S476; and c) you acknowledge your obligations for complying with the requirements of CA 2006 with respect to accounting records and preparation of accounts. As a small entity, the company qualifies under CA06, s. 444(1), to file only the balance sheet and associated notes at Companies House. It is assumed that the company wishes to file the minimum of information at Companies House, and therefore the financial statements for filing purposes will be prepared on that basis unless you inform us otherwise. You are responsible for informing us if the company undertakes any transactions. Once this happens the company will cease to be dormant.

### Practice assurance where you operate as a limited company.

We are able to report to you on a limited assurance basis on the unaudited financial statements of the company. In carrying out this engagement we would make enquiries, perform analytical procedures and assess the consistency of application of your accounting policies in accordance with applicable accounting standards. Please contact us to discuss this if you would like more information concerning this service. Should you ask us to perform this service this will be the subject to a separate terms of business letter.

### 23. Corporation Tax

The following terms will apply where we act as accountants and advisors with regard to your corporation tax affairs and clarify our respective responsibilities in respect of that work.

Your responsibilities as directors The Directors, on behalf of the company, are legally responsible for:

- ensuring that the company/society tax return (including XBRL tags and iXBRL file) is correct and complete;
- filing any returns by the due date; and
- making payment of tax on time. Failure to do this may lead to automatic penalties, and/or interest. The signatory to the return cannot delegate this legal responsibility to others. The signatory agrees to check that returns we have prepared for the company are accurate and complete before he/she approves and signs them. It is mandatory for the company/society tax return to be delivered electronically using the Extensible Business Reporting Language (XBRL) format, a type of computer language. A parent company may be required to file both individual and group accounts as part of its online company tax return. It is the company's responsibility to ensure that the accounts have been accurately tagged. The statutory audit does not provide assurance on this matter. To enable us to carry out our work you agree:
  - that all returns are to be made on the basis of full disclosure of all sources of income, charges, allowances and capital transactions; In accepting the terms of business you recognise that we will observe the professional rules and practice guidelines of our institutes. In particular you give us authority to correct HMRC's errors, even if doing so results in correction of an error made in your favour;
  - to provide full information necessary for dealing with the company's affairs: we will rely on the information and documents being true, correct and complete and will not audit the information or those documents;
  - to authorise us to approach such third parties as may be appropriate for information that we consider necessary to deal with the company's affairs;
  - to provide us with information in sufficient time for the company's tax returns to be completed and submitted by the due date of 12 months following the end of the accounting period;
  - to provide us with information on advances or loans made to directors/officers, shareholders or their associates during an accounting period and any actual or planned repayments or write offs after the accounting period;
  - to forward to us on receipt copies of all HMRC statements of account, notices of assessment, letters and other communications received from HMRC to enable us to deal with them as may be necessary within the statutory time limits; although HMRC have the authority to communicate with us, if relevant through the form 64-8, it is essential that you let us have copies of any correspondence received from HMRC to avoid any breakdown in communication; and
  - to keep us informed about significant transactions or changes in circumstances that could affect the tax liabilities of the company. If the Directors are unsure whether the change is material or not please let us know so that we can assess the significance or otherwise.

- HMRC will send you an agent authorisation code which expires within 30 days of issue. Please send this to us as soon as you receive it. This code will enable us to register as your agent with HMRC, and authorises HMRC to communicate with us as your agent, although they consider that you should still take 'reasonable care' over your tax affairs.
- You are responsible for monitoring the monthly turnover to establish whether the company is liable to register for VAT, if not already registered. If you do not understand what you need to do, please ask us. If the company turnover exceeds the UK VAT registration threshold and you wish us to assist you in notifying HMRC of your liability to be VAT registered, we will be pleased to assist you in the VAT registration process. You should notify us of your instructions to assist in your VAT registration in good time to enable a VAT registration form to be submitted within the time limit of one month following the month in which you exceed the VAT registration threshold in force at that time. We will not be responsible if you fail to notify us in time and, as a result, incur a late registration penalty. The same applies for equivalent non-UK taxes.
- You are also responsible for employment taxes, pensions (including auto-enrolment) and the assessment of the tax status of your workers, including domestic staff. If you do not understand what you need to consider or what action you need to take, please ask us. We will not be in a position to assist you in complying with your responsibilities if we are not engaged to provide such a service. We are not responsible for any penalty that is incurred.

### Our responsibilities as accountants

Profit from accounts prepared under generally accepted accounting principles may require adjustment to arrive at the profit figure assessed for tax. We will prepare the company's tax return, the computation with these adjustments and supporting schedules required from the accounts and information and explanations you provide to us. We will send you the tax return and supporting schedules for you to approve and sign, and by signing the return you will take responsibility for its content. We will then submit the return, computation and accounts online to HMRC and, if relevant, Companies House, in the required Extensible Business Reporting Language (XBRL) format, a type of computer language. You have asked us to be responsible for the generation of the iXBRL accounts to be submitted electronically to HMRC. We will advise the amounts of corporation tax to be paid and the dates by which the company should make the payments. Where appropriate we will initiate repayment claims when tax has been overpaid. Please ensure that no payments are made to HMRC before we have confirmed that the Statements of Account are correct. If the company's/group's profits exceed £1.5 million a year, you must pay quarterly instalments of tax due starting six and a half months into the accounting period. Interest will be charged on instalments paid late and credited on those paid early. If you provide appropriate management information on time, we will tell you whether you should make quarterly tax payments. We will advise you as to possible claims and elections arising from information supplied by you including, where relevant, industry-specific claims for additional deductions and payable tax credits, and claims relating to research and development expenditure. Where instructed by you, we will make such claims and elections in the form and manner required by HMRC. Specialist claims may be the subject of a separate engagement schedule. We will advise you when additional corporation tax is due on loans by the company to directors or shareholders or their associates, and calculate the payments due or the amount repayable when the loans are repaid. We will deal with all communications relating to the company's return addressed to us by HMRC or passed to us by the company. However, if HMRC choose the tax return for enquiry we will discuss the position with you and agree the basis on which we will deal with such enquiries on your behalf. We will be pleased also to advise the directors and executives on their personal income tax and capital tax affairs. In such cases we will need to agree separate terms with the individuals concerned. We will be pleased to advise on any other taxation matters that may be referred to us and would strongly encourage you to approach us before entering into any complex or unusual transactions in order that we can assess their tax implications. Where specialist advice is required on occasions we may need to seek this from or refer you to appropriate specialists. If relevant, it is our policy to confirm in writing advice upon which the company may wish to rely.

### Payments under deduction of tax

You must inform us immediately if the company pays or receives any interest or similar amounts under deduction of tax. If requested to assist you, we will complete, using information provided by you, return form CT61 regarding payments made to and by the company under deduction of tax. We will send the form CT61 to you for approval and signature, advising you of the amounts of income tax that are due, and the due date for payment and submission of the form.

### Groups and consortia

If relevant, in relation to groups and consortia of which your company is a member, and in respect of which you have instructed us to act, we will provide the following additional services: In respect of claims for group and consortium relief:

- We will advise as required on claims for group and consortium relief and the interaction with other reliefs.
- We will prepare and submit to HMRC appropriate claims.
- We will adjust corporation tax computations to reflect the surrender and receipt of group and consortium reliefs.
- We will advise on arrangements for payment of tax and the surrender and set-off of tax refunds within the group.
- We will advise on claiming eligible unrelieved foreign tax (EUTF) or the surrender of any amount of EUTF.

### Annual tax on enveloped dwellings (ATED)

The following terms will apply where we act as accountants and advisors with regard to your ATED returns (potentially required for any residential dwelling with an April 2012 value in excess of £500,000), and to clarify our respective responsibilities in respect of that work. Your responsibilities The Directors are responsible for providing us with a complete list of all relevant properties and their valuations, along with any other information we may require. The list should incorporate any UK dwelling with a 1 April 2012 (or acquisition date if later) value in excess of £500,000 and we will advise as and when each property needs to be reported on an ATED return. The Directors agree to inform us of any impending purchases of properties that will need to be declared on an ATED return. In some cases an ATED return and payment is required just 30 days after the purchase date and so prompt communication is required. The Directors, on behalf of the company, are legally responsible for:

- ensuring that the ATED return(s) for each year to 31 March is/are correct and complete;
- filing the ATED return(s) by the due date of April following the start of the ATED return period\*; and
- making payment of the ATED by 30 April following the start of the ATED return period\*. Failure to do this may lead to penalties and/or interest. \* In some cases and in particular in the years where ATED first applies, the filing and payment deadline may be extended. We will advise you where this is the case. The signatory to the return(s) cannot delegate this legal responsibility to others. The signatory agrees to check that returns we have prepared for the company are complete before he/she approves and signs them. To enable us to carry out our work the Directors agree:

- that all returns are to be made on the basis of full disclosure of all UK dwellings and their uses;
- to provide full information necessary for dealing with the ATED return(s) (including sales and acquisitions and changes in use of relevant dwellings). We will rely on the information and documents being true, correct and complete and will not audit the information or those documents;
- to take any necessary steps to agree the open market value of each property on 1 April 2012, or the date of acquisition if later, to be declared on the ATED return(s), and revalued every five years (from 1 April 2012) thereafter;
- to authorise us to approach such third parties as may be appropriate for information that we consider necessary to deal with the ATED return(s); and
- to provide us with information in sufficient time for the company's ATED return(s) to be completed and submitted by the due date outlined above. In order that we can do this we need to receive all relevant information by 15 April each year. Where feasible we may agree to complete your ATED return(s) within a shorter period but may charge an additional fee for so doing. The Directors will keep us informed of material changes in circumstances that could affect the ATED liabilities of the company. If the Directors are unsure whether the change is material or not please let us know so that we can assess its significance. You will forward to us relevant HMRC statements of account, copies of notices of assessment, letters and other communications in time to enable us to deal with them as may be necessary within the statutory time limits. Our existing form 64-8 (agent authority) does not cover the ATED return(s) and HMRC may be unprepared to deal with us on your behalf until after the time that the first return(s) have been filed, listing us as your agent.

#### **Our responsibilities as accountants**

We will prepare the company's ATED return(s) based on the information and explanations you provide to us. We will advise you as to any reliefs that can be claimed against the ATED. Where instructed by you, we will claim such reliefs on the ATED return(s). After obtaining the written approval and signature of the proper officer or other person authorised to act for the company in this regard, we will submit the return(s) online to HMRC. We will tell you how much ATED the company should pay and when. We will advise on the interest and penalty implications if ATED is paid late. We will deal with the recovery of any overpaid ATED, following a change in circumstances (e.g. the disposal of a relevant dwelling).

#### **Ad hoc and advisory work**

Where you have instructed us to do so, we will also provide such other taxation ad hoc and advisory services as may be agreed between us from time to time. These may be the subject of a separate engagement letter at our option. Where appropriate we will discuss and agree an additional fee for such work when it is commissioned by you. Examples of such work include:

- Advising on ad hoc transactions, preparing additional supplementary pages to your tax return and calculating any related liabilities;
  - Dealing with any enquiry opened into your tax return by HMRC;
  - Preparing any amended returns which may be required and corresponding with HMRC as necessary; and
  - Advising on the rules relating to and assisting with VAT registration.
- advising you on, and preparing analyses of, expenditure and detailed capital allowance claims for renovation of buildings.

#### **24. Preparation of VAT returns**

The following terms will apply where we act as accountants and advisors with regard to Value Added Tax and to clarify our respective responsibilities in respect of that work.

#### **Your responsibilities**

You are legally responsible for:

- ensuring that your returns are correct and complete;
- filing any returns by the due date; and
- making payment of tax on time. Failure to do this may lead to automatic penalties, surcharges and/or interest. Although it is possible under the VAT rules for you to delegate signing the VAT return to us, it is our policy not to accept this. Signing the VAT return will remain your responsibility. You are entirely responsible for the payment of any VAT, including interest, surcharges or other penalties. Where your return is submitted online you are required to make payment by electronic means. We will advise you of the amounts due for payment; however, it is your responsibility to arrange and make the payment. Please note that penalties may apply where payments are not made by the due date. To enable us to carry out our work you agree:
- that all returns are to be made on the basis of full disclosure;
- that you are responsible for ensuring that the information provided is, to the best of your knowledge, accurate and complete. The VAT returns are prepared/reviewed solely on the basis of the information provided by you and we accept no responsibility for any VAT liabilities arising due to inaccuracies or omissions in the information you provide which may lead to a misdeclaration on which penalties and interest may arise;
- that we can approach such third parties as may be appropriate for information we consider necessary to deal with the VAT returns; and
- to provide us with all the records relevant to the preparation of your VAT returns as soon as possible after the return period ends. We would ordinarily need the books and records to be available to us within a minimum of 10 days after the return period ends to complete our work. If the records are provided later or are incomplete or unclear thereby delaying the preparation/review and submission of the VAT return, we accept no responsibility for any "default surcharge" penalty that may arise. Where feasible we may agree to complete your return within a shorter period but may charge an additional fee for so doing. You have undertaken that you/your staff will ensure that:
  - valid VAT invoices are received for all payments where VAT is being reclaimed;
  - the VAT rating of supplies is correctly dealt with, i.e., between positive and zero rates and exempt supplies;
  - we are notified in writing of any positive-rated own consumption;
  - any input VAT on non-business expenditure is clearly marked on supporting invoices;
  - we are notified of the vehicles used by directors or staff if any input VAT has been claimed on the purchase of road fuel during the period of the VAT return; and
  - all supplies made by the business are shown in the records made available to us. You will keep us informed of material changes in circumstances that could affect the VAT liabilities of the business. If you are unsure whether the change is a material one that could do this please let us know so that we can assess the significance or otherwise. HMRC will send you an agent authorisation code which expires within 30 days of issue. Please send this to us as soon as you receive it. This code will enable us to register as your agent with HMRC, and authorises HMRC to communicate with us as your agent, although they consider that you should still take 'reasonable care' over your tax

affairs. You will forward to us all relevant HMRC VAT correspondence in time to enable us to deal with matters arising as may be necessary within the statutory time limits. Although HMRC have the authority to communicate with us it is essential that you let us have copies of any correspondence received from HMRC to avoid any breakdown in communication. You are responsible for bringing to our attention any errors, omissions or inaccuracies in your VAT returns which you become aware of after the returns have been submitted in order that we may assist you to make a voluntary disclosure. If you are involved with any other business which is not registered for VAT you are responsible for monitoring your monthly turnover to establish whether you are liable to register for VAT. If you exceed the VAT registration threshold, and wish us to assist you in notifying HMRC of your requirement to be VAT registered, you must give us clear instructions to assist you in the VAT registration process. You should notify us of your instructions in good time to enable the VAT registration application form to be submitted within the statutory time limit of one month following the month in which you exceeded the VAT registration threshold in force at that time. We will not be responsible if you fail to notify us in time and incur a late registration penalty as a result. If you provide digital services to consumers in the EU, you are responsible either for registering for VAT in that member state, or for registering for VAT Mini One Stop Shop (MOSS) in the UK. If EC Sales Lists need to be completed you are responsible for obtaining all of your customers' VAT registration numbers in other member states and to check any that you are not completely satisfied with, with HMRC.

### **Our responsibilities as accountants**

We will prepare/review your UK VAT returns/Intrastat returns/EC sales lists, where applicable, from the records of the business. You will provide details of the income and expenditure of the business (which may include invoices, vouchers, bank statements and details of other transactions). From this information we will prepare a summary of your business transactions for the period. We will tell you how much you should pay and when. If appropriate we will initiate repayment claims where tax has been overpaid. We will advise on the interest and penalty implications if UK VAT is paid late. Where appropriate we will calculate the partial exemption annual adjustment. Where appropriate we will calculate the annual Capital Goods Scheme adjustment. We will forward to you the completed return calculations for you to review, before you approve the UK VAT return for onward transmission to HMRC. You authorise us to file the return electronically once we have received your approval of the figures. When we submit the return online we are doing this on your behalf as your agent. We will not submit the return online until we have received confirmation from you that you have reviewed the entries to be made on the online return and that you consider the return to be complete, accurate and ready for online submission. If you consider the return to be incorrect please consult us immediately. The scope of our services provided to you will be only as set out above and all other services which we may offer are excluded. If you instruct us to do so, we will provide such other taxation ad hoc advisory services in relation to VAT as may be agreed from time to time. These may be the subject of a separate engagement letter.

Where appropriate we will discuss and agree an additional fee for this work when it is commissioned by you. Examples of such work include:

- reviewing and advising a suitable partial exemption method to use in preparing the return;
- dealing with all communications relating to your UK VAT returns/Intrastat returns/EC Sales List returns/MOSS returns addressed to us by HMRC or passed to us by you;
- dealing with any enquiry opened into the VAT returns by HMRC;
- making recommendations to you about the use of cash accounting, annual accounting, flat rate and other suitable methods of accounting for VAT;
- making recommendations to you about the use of MOSS (mini one-stop shop) if you supply digital services to consumers in the EU;
- conducting VAT health checks; and
- providing you with advice on VAT, Excise Duty, Customs Duty, Landfill Tax, Insurance Premium Tax, Aggregates Levy and Climate Change Levy as and when requested. Where specialist advice is required in certain areas we may need to seek this from or refer you to appropriate specialists.

### **MAKING TAX DIGITAL FOR VAT (MTDfV)**

#### **Initial registration**

•We will register you for MTD for VAT (MTDfV). By instructing us to sign up on your behalf you are agreeing to HMRC's terms of participation. This may result in certain changes that may include changes to deadlines. You will need to complete HMRC's sign-up process to enable submission of your tax return.

#### **Recurring compliance work**

•We will prepare your MTD for VAT (MTDfV) returns on a monthly/quarterly/annual basis as noted on the covering letter. The first such return to be prepared by us will be the return for the period noted on the covering letter.

•We will check the digital records which you provide to us for preparation of the MTDfV returns to ensure they meet the requirements of MTDfV. You may be required to provide us with your data digitally and we will tell you if/when that is the case. If your software is incompatible with ours we will agree with you an appropriate solution which might include the use of alternative third-party functionally compatible software and/or a spreadsheet(s) which satisfy the statutory requirement for digital linkage. Where your digital records are incompatible with our software we may require an additional fee. You must also provide us with confirmation that your digital records are complete and accurate.

•Based on the information that you provide to us, we will tell you how much VAT you should pay and when. If appropriate, we will initiate repayment claims where tax has been overpaid. We will advise on the interest and penalty implications if VAT is paid late.

•Where appropriate, we will calculate the partial exemption annual adjustment.

•Where appropriate, we will calculate the annual Capital Goods Scheme adjustment.

•We are not responsible for considering or applying for any of the exemptions from MTDfV. However, if you feel that you are eligible for exemption, please let us know. We are happy to discuss this and may correspond to HMRC on your behalf if needed, or we can guide you on whom you should contact for this.

•We will advise you of any relaxations applicable in relation to the digital records for supplies made and received. Where the requirements are impossible, impractical or unduly onerous we will seek to reach agreement with HMRC on a specific relaxation, but this may be subject to an additional fee.

- We will submit your MTDfV return data online to HMRC after the data to be included therein has been approved, by you.
- We will agree with you any supplementary information to be submitted on a voluntary basis with the MTDfV returns prior to submission.
- Where you are invoice (accruals) accounting for income tax, we will perform an annual reconciliation of VAT outputs to accounting turnover.

[Ad hoc queries by way of telephone and email enquiries are not routine compliance and may result in additional fees. As indicated below, where appropriate we will aim to discuss and agree additional fees but it may not always be possible to agree these in advance and we reserve the right to charge you an additional fee for these queries.]

#### Ad hoc and advisory services

Where you have instructed us to do so, we will provide such other taxation ad hoc and advisory services as may be agreed between us from time to time. These services will be subject to the terms of this engagement letter and standard terms and conditions of business unless we decide to issue a separate engagement letter. An additional fee may be charged for these services. Examples of such work include:

- advising on ad hoc transactions and queries (including telephone conversations), preparing and submitting information in the relevant format to HMRC and calculating any related tax liabilities
- reviewing and advising on a suitable partial exemption method to use in preparing the return
- dealing with all communications relating to your MTDfV returns [Intrastat returns/EC sales list returns/MOSS returns] addressed to us by HMRC or passed to us by you
- making recommendations to you about the use of cash accounting, annual accounting, flat rate and other suitable methods of accounting for VAT
- making recommendations to you about the use of VAT Mini One Stop Shop (MOSS) if you supply digital services to consumers in the EU
- providing you with advice on VAT [excise duty/customs duty/landfill tax/insurance premium tax/aggregates levy/climate change levy] as and when requested.
- work required to rectify the position where your software is incompatible with our software.
- reviewing your record keeping processes and providing advice on potential improvements to enable compliance with the MTDfV requirements, including digital links for the transfer of data between different software.

Where the advice is provided in writing, the information provided and the query raised will be set out with our response to you.

Where specialist advice is required in certain areas, we may need to seek this from or refer you to appropriate specialists. We will only do this when instructed by you.

Changes in the law or practice or in public policy

We will not accept responsibility if you act on advice given by us on an earlier occasion without first confirming with us that the advice is still valid in the light of any change in the law or practice or in public policy or your circumstances.

We will accept no liability for losses arising from changes in the law or practice or in public policy that are first published after the date on which the advice is given.

#### Your responsibilities

You are legally responsible for:

- ensuring that your returns are correct and complete and in an appropriate digital format and capture the appropriate level of data.
- ensuring your record keeping system is compliant with the new requirements for the digital recording and transfer of data.
- filing any returns by the due date
- making payment of VAT on time.

Failure to do this may lead to automatic penalties, surcharges and/or interest.

You cannot delegate this legal responsibility to others. You agree to check that returns that we have prepared for you are complete before approving them.

Where we are keeping your digital records, you are responsible for providing us with the following information required for us to prepare the return:

- a. sales invoices
- b. purchase invoices
- c. bank statements
- d. details of bank and cash payments
- e. details of bank and cash receipts
- f. work-in-progress details
- g. access to your accounting records.

We have also agreed that you will provide the following:

- a. a record of the amounts owed to the business
- b. a record of amounts owed by the business
- c. a list of accruals
- d. a list of prepayments
- e. private use adjustments].

To enable us to carry out our work you agree:

- a. that all returns are to be made on the basis of full disclosure
- b. that you are responsible for ensuring that the information provided is, to the best of your knowledge, accurate and complete and that all digital links are in the manner proscribed. The returns are prepared solely on the basis of the information provided by you and we accept no responsibility for any liabilities arising due to inaccuracies, omissions or breakdowns in digital links concerning the information you provide, that may lead to a misdeclaration on which penalties and interest may arise
- c. to authorise us to approach such third parties as may be appropriate for information we consider necessary to deal with the returns
- d. to provide us with all the records relevant to the preparation of your monthly/quarterly/annual returns as soon as possible after the return period ends. We would ordinarily need a minimum of 15 days before submission to complete our work. If the records are provided later or are incomplete or unclear, thereby delaying the preparation and submission of the return, we accept no responsibility for any penalty that may arise. Where feasible, we may agree to complete your return within a shorter period but may charge an additional fee for so doing
- e. to inform us that you have made the tax payment based on your calculated return.

You will keep us informed of material changes in circumstances that could affect your obligations, for example:

- change in the nature of your business
- change in turnover
- change of type of supply for VAT
- change in your type of business entity such as from sole trader into partnership
- acquisition or disposal of land or property etc
- starting to make supplies that are exempt from VAT
- you have reclaimed VAT within the last 10 years, having spent over £250,000 in purchasing, building or redeveloping a property, and the extent to which it is being used for taxable and/or exempt purposes has changed since you first reclaimed the VAT (ie Capital Goods Scheme adjustments will apply to this or any other items that fall within the scope of the Capital Goods Scheme).

Where you wish us to deal with HMRC communications, you will forward to us all communications received from HMRC such as statements of account, copies of notices of assessment and letters. These must be provided in time to enable us to deal with them as may be necessary within the statutory time limits. It is essential that you let us have copies of any correspondence received because HMRC is not obliged to send us copies of all communications issued to you.

You are responsible for bringing to our attention any errors, omissions or inaccuracies in your returns that you become aware of after the returns have been submitted in order that we may assist you to make a voluntary disclosure.

If you provide digital services to consumers in the EU and are over the registration limits you are responsible for either registering for VAT in that member state or registering for MOSS in the UK.

If you are involved with any other business that is not registered for VAT you are responsible for monitoring your monthly turnover to establish whether you are liable to register for VAT. If you do not understand what you need to do, please ask us. If you exceed the VAT registration threshold, and wish us to assist you in notifying HMRC of your liability to be VAT registered, you must give us clear instructions to assist you in the VAT registration process. You should notify us of your instructions in good time to enable the VAT registration application

form to be submitted within the statutory time limit of one month following the month in which you exceeded the VAT registration threshold in force at that time. We will not be responsible if you fail to notify us in time and incur a late registration penalty as a result. Our services as detailed above are subject to the limitations on our liability set out in the engagement letter and our standard terms and conditions of business. These are important provisions which you should read and consider carefully.

## 25. Payroll, real time information (RTI) reporting, year-end returns and auto enrolment

The following terms will apply where we act as accountants and advisors with regard to operating your payroll, including ongoing auto-enrolment pension services if applicable, and to clarify our respective responsibilities in respect of that work.

### Your responsibilities

You are legally responsible for:

- ensuring that the data in your payroll submissions is correct and complete;
- complying with auto-enrolment obligations;
- making any submissions by the due date; and
- paying tax and NIC on time.
- paying tax, NIC and Apprenticeship Levy (if applicable) on time

Failure to do any of the above may lead to penalties and/or interest. Employers cannot delegate these legal responsibilities to others. You agree to check that submissions we have prepared for you are correct and complete before approving them. You are no less responsible for errors in unapproved returns, submitted on the basis of the information provided to and processed by us, than if you had confirmed your approval of the returns. Our payroll team will provide you with specific details of the information we require and when we need to have this information from you. You agree to provide the information they request. You recognise that where information is not provided to us within the timeframe we outline, we are not responsible for any delays for payments to employees or HMRC. Similarly, we are not responsible for any penalties imposed by HMRC. If we do not hear from you by the deadline, subject to any other agreement between us, we will take your silence as your approval for us to submit the return. If the information required to complete the payroll services set out above is received later than the dates agreed with us, we will still endeavour to process the payroll and returns to meet the filing deadlines; but we will not be liable for any costs or other losses arising if the payroll is late or the returns are filed late in these circumstances. We may charge an additional fee for work carried out in a shorter time period. We will require from you the following information by the relevant date each month as agreed with our payroll department.

- personal details of all employees (i.e., name, NI number, home address, date of birth, etc);
- all P45 forms received by you;
- any changes to the employees' bank accounts (if applicable);
- if any casual labour is taken on, you are required to operate P46 procedures. The completed P46 form should be passed to us for processing;
- notification immediately of any employee who is ill for four or more calendar days, including weekends, bank holidays, etc. Please also advise any other absences. This will enable us to operate statutory procedures for you;
- notification of any employee who becomes pregnant, to enable us to operate statutory maternity pay for you;
- notification of any employee who is to become a father, to enable us to operate statutory paternity pay for you;
- notification of any employee who is to become an adoptive parent, to enable us to operate statutory adoption pay for you;
- details of any money or benefits made available to employees by you or by a third party through you;
- hours worked, rates of pay, bonuses, etc;
- notification of employees engaged by you and of those leaving your employment;
- any notice of coding received by you;
- notification of statutory deductions; and
- details of voluntary deductions authorised by the employee. We will assume that the business is entitled to claim the National Insurance Employment Allowance and is entitled to claim the Apprenticeship Levy exemption in full unless you instruct us otherwise. You will inform us if you have a related business that may result in these allowances being restricted. You will be responsible for managing any childcare scheme operated for the benefit of your employees and for contacting us where you require advice as to available exemption levels. You will be responsible for completing the checks on a new employee's eligibility to live and work in the UK in accordance with the Government's Code of Practice "Preventing Illegal Working" and section 8 of the Asylum and Immigration Act 1996. You will be responsible for monitoring the annual leave entitlement of your employees and dealing with all aspects, legal or otherwise, of being an employer. In particular, you will be responsible for ensuring that your workers are paid at least the National Minimum Wage or National Living Wage (depending on which applies). HMRC will send you an agent authorisation code which expires within 30 days of issue. Please send this to us as soon as you receive it. This code will enable us to register as your agent with HMRC, and authorises HMRC to communicate with us as your agent, although they consider that you should still take 'reasonable care' over your tax affairs. You will forward to us any communications received from HMRC, in sufficient time to enable us to deal with matters arising as may be necessary within the requisite time limits. Although HMRC have the authority to communicate with us, it is essential that you let us have copies of any correspondence received from HMRC to avoid any breakdown in communication. Regarding auto-enrolment on workplace pensions if applicable, you will provide all new staff with the required auto-enrolment information. In addition, you will provide us with complete and accurate information regarding:
- your employees and pension contributions due from them;
- details of your employer contributions;
- information of all new staff, including their auto-enrolment status, before you first pay them;
- it will be your responsibility to provide them with the required auto-enrolment information;
  - if an employee changes their status regarding auto-enrolment, or details of any changes in employee working so that we can determine whether the employment status has changed in relation to auto-enrolment; and
- the performance of spot-checks on the information that we hold in order to monitor its accuracy. Regarding the Apprenticeship Levy applicable from April 2017, you will be responsible for:
- determining whether you are liable to pay the levy based on your previous and expected annual pay bill (both at the start of the tax year, and should the expected pay bill change during the year); and

• setting up and managing the digital apprenticeship service account, into which any levy paid is recorded and held by the Government. 8.2 Our responsibilities as accountants We will prepare your UK payroll for each payroll period to meet UK employment tax requirements, specifically:

- Calculating the pay as you earn (PAYE) deductions including, if applicable, at the Scottish rate of income tax;
- Calculating the employees' National Insurance Contributions (NIC) deductions
- Calculating the employer's NIC liabilities
- Calculating statutory payments, for example Statutory Sick Pay and/or Statutory Maternity Pay
- Where applicable, calculating the pension contributions (employer and employee)
- Calculating the Apprenticeship Levy, if applicable;
- Calculating other statutory and non statutory deductions; and
- submitting information online to HMRC under Real Time Information (RTI) for PAYE. We will prepare and send to you the following documents for each payroll period at or before the time of payment:
  - Payroll summary report showing the reconciliation from gross to net for each employee and all relevant payroll totals. This summary will also show, where relevant, the other details that will be submitted online to HMRC on or before the employee payment dates
  - the data included within each Full Payment Submission (FPS) for taxable pay and, if relevant, payrolled benefit-in-kind and expenses, for each employee;
  - a payslip for each employee unless not required
  - a form P45 for each leaver
  - a report showing your PAYE, NIC and Apprenticeship Levy liability, student loan repayments and due date for payment, and
  - where applicable, a report showing your pension contributions payable in respect of each employee so as to meet the requirements of the workplace pension automatic enrolment scheme(s) of which they are members, and the due date(s) for payment. You must let us know, immediately and prior to the employee payment dates and HMRC reporting dates (see below), if you believe any of the data shown in these documents is incorrect. We will prepare your FPS reports including all details required and based on the information provided by you. We will submit FPS online to HMRC prior to or at the time that employees are paid. Where you have no payments to make to HMRC in a particular month (or the payment you are making to HMRC has been reduced by statutory payments, employment allowance or construction industry scheme deductions suffered), or the Apprenticeship Levy is being paid, we will prepare and submit the required Employer Payment Summary (EPS) by the 19th of the month following the tax month to which they relate. If an error is made with regard to an earlier tax year, an Earlier Year Update (EYU) report may be required. If you operate within the construction industry you agree to provide us with details of construction industry scheme (CIS) deductions suffered that you wish to offset against your PAYE payments to HMRC (company subcontractors only). This information must be received for each "tax month" (tax months run from the 6th of the calendar month to the 5th of the following calendar month) and by the 19th of the month in which the tax month ends. In addition, if you are a contractor within the construction industry but we are not providing services in regard to the operation of your CIS scheme, you agree to provide us with details of the CIS deductions you have withheld in each tax month, if you wish us to advise you of the total amount due to HMRC (CIS and PAYE taxes combined). As you are legally responsible for the accuracy of these returns, you must review the payroll summaries that we send to you and inform us if any of the information that we hold is incorrect:
- If we don't hear from you before the FPS (or EPS) submission date, we will take that as your approval for us to submit the return.
- If you require us to make a correction after the FPS (or EPS) has been submitted, you will let us know as soon as possible and, ideally, before the next payroll run. At the end of each tax year, we will:
  - prepare the final FPS (or EPS) and submit this to HMRC after the data to be included therein has been approved by you; (the due date for submitting final FPS is on or before the last contractual payday of the tax year, failing which, the final EPS for the year must reach HMRC by 19 April following the end of the tax year); and
  - prepare and send to you Form P60 for each employee on the payroll at the year-end so you can give them to employees by the statutory due date of 31 May following the end of the tax year. If payrolling benefits-in-kind and/or expenses, at the end of the tax year we will:
    - prepare and send to you a statement for every employee for whom benefits-in-kind have been payrolled, identifying every benefit provided to each employee during the tax year and the cash equivalent of each benefit treated as PAYE income so you can give them to employees by the statutory due date of 31 May following the end of the tax year;
    - give you details of the Class 1A NIC on payrolled benefits-in-kind which will need to be accounted for on form P11D(b), and the due date for payment;
    - give you details of the Class 1A NIC on expenses accounted for in the payroll which will need to be accounted for on form P11D(b), and the due date for payment; and
    - give you the figures that need to be included on forms P11D to account for income tax in respect of expenses for which Class 1 NIC has been accounted for in the payroll. We will deal with and, where necessary, process any adjustments to your payroll communicated to us by HMRC via online secure messages, for example, code number notifications, student loan repayment notices, and generic notification notices. We will submit National Insurance Number (NINO) verification requests as appropriate to verify or obtain a NINO for a new employee. Where required, we will assist you in calculating an employee's weekly exemption limit for childcare benefit purposes. Regarding the ongoing work on auto-enrolment on workplace pensions if applicable, whilst we accept no responsibility for errors or omissions that arise as a result of incorrect data supplied to us, we will:
      - deduct from each payroll period the pension contributions as instructed by you;
      - advise you to pay over the pensions contributions deducted and your employer pension contributions to your approved pension provider;
      - maintain and preserve the records required for auto-enrolment based on the information you supply to us;
      - maintain information and records that will highlight when the triennial enrolment processes must occur. We will inform you in advance of this date so that you can make the necessary communications with the staff member and so that the firm can re-enrol as required;
      - assist you in monitoring the status of these employees to determine whether 'noneligible' or 'entitled workers' become 'eligible workers' and thus require auto enrolment, this review will take place at the start of each payroll period;
      - ensure that new staff are incorporated into the scheme in accordance with your instructions; and
      - process any opt-out and opt-in requests and ensure that repayments are made to employees in accordance with your instructions. If the information required to complete the payroll services set out above is received later than the dates agreed with you we will still endeavour to process the payroll and returns to meet the agreed payroll date and filing deadlines but we will not be liable for any costs or other losses arising if the payroll is late or the returns are filed late in these circumstances. We may charge an additional fee for work carried out in a shorter time period.

Benefits-in-kind (P11D) Returns The following terms will apply where we act as accountants and advisors with regard to your P11D affairs and to clarify our respective responsibilities in respect of that work.

### **Your responsibilities**

You are legally responsible for:

- ensuring that your declaration on form P11D(b) is true to the best of your knowledge and belief and therefore that the entries on the related forms P11D and, if relevant, amounts of benefits-in-kind and expenses in the payroll, are correct and complete;
- filing any returns by the due date after the end of the tax year; and
- making payment of Class 1A NIC on time. Failure to do any of the above may lead to penalties and/or interest. The signatory to the return cannot delegate this legal responsibility to others. The signatory agrees to check that the forms that we have prepared for you are correct and complete before approving and signing them. To enable us to carry out our work, you agree:
  - that all returns are to be made on the basis of full disclosure;
  - to provide full information necessary for dealing with your benefits-in-kind; we will rely on the information and documents being true, correct and complete and will not audit the information or those documents;
  - to notify us within 14 days of the end of the tax year of all transactions or events which may need to be reflected in the forms P11D for the period, including details of all employees during the year and details of their remuneration packages;
  - to authorise us to approach such third parties as may be appropriate that we consider necessary to deal with completing the benefits-in-kind returns; and
  - to approve the returns as soon as possible so they can be submitted on or before the filing deadline of 6 July after the end of the tax year. If we do not hear from you by the above deadline, subject to any other agreement between us, we will take your silence as your approval for us to submit the returns.

You are no less responsible for errors in unapproved returns submitted on the basis of the information provided to and processed by us than if you had confirmed your approval of the returns. If the information required to complete the benefits-in-kind returns set out above is received later than 14 days after the end of the tax year, we will still endeavour to process the information onto the relevant P11D returns to meet the submission date but we will not be liable for any costs or other losses arising if submission is late. In such circumstances, we may charge an additional fee.

### **Our responsibilities as accountants**

We will carry out the following in respect of forms P11D and P11D(b):

- We will prepare/review forms P11D as may be required for each employee including directors, from the accounts, information and explanations provided to us on your behalf.
  - We will prepare/review forms P11D(b) to include, if relevant, the Class 1A NIC on benefits-in-kind and expenses, both on forms P11D and included in the payroll;
  - We will submit the forms P11D for any benefits/employees for whom benefits are provided but not payrolled, with the form P11D(b) after the form P11D(b) has been signed by you.
  - We will prepare and send to you the P11D information for you to forward to your employees and directors by the statutory due date of 6 July following the end of the tax year.
  - We will calculate your Class 1A NIC liability on the benefits and expenses, both returned in forms P11D and included in payroll, that you are obliged to pay HMRC of 6 July following the end of the tax year.
- 8.4 Personal service companies (IR35) The following terms will apply where you instruct us to advise you in connection with personal services legislation. We will discuss with you whether the company is subject to the personal services legislation on a contract by contract basis. You authorise us to seek an opinion from HMRC (or an independent, external IR35 contract specialist) where we consider it appropriate. If the opinion of an external specialist is sought then the cost of this will be fully payable by you. We will discuss this with you in full, prior to an opinion being sought, where such a situation arises. If there are contracts that are considered to be within the personal services legislation we will calculate the deemed salary, prepare the corporation tax computations using the prescribed method, prepare and submit the necessary payroll reports for any "deemed payments" and advise you how much tax and national insurance to pay and by when and whether to pay any actual salary before the year end and, if so, how much.

### **Subcontractors**

The following terms will apply where we act as accountants and advisors with regard to the operation of the Construction Industry Scheme (CIS) for the subcontractors, and to clarify our respective responsibilities in respect of that work.

### **Your responsibilities**

We will carry out verification procedures with HMRC for the subcontractors you engage. To enable us to do this you will provide us with the following once a contract has been signed or a tender agreed:

- where the subcontractor is a sole trader you will provide their full name, unique tax reference (UTR) and national insurance number.
- where the subcontractor is a partnership you will provide the firm's name and unique tax reference, as well as the individual partner's name, unique tax reference (UTR), and national insurance number. If the partner is a company you will provide the company's unique tax reference (UTR) and registration number.
- where the subcontractor is a limited company you will provide the company's name, unique tax reference (UTR) and registration number.

It is important to note that verification procedures must be carried out before any payment can be made to the subcontractor. They can however carry out work prior to verification. You will provide us with the verification reference (or details of other documentation seen for subcontractors first paid before 6 April 2008) for subcontractors paid before the commencement of these terms, along with the deduction rate as advised by HMRC. If you receive a notice of change from HMRC with regard to a change in deduction status for one of your subcontractors you undertake to forward it to us immediately. We will not be responsible for failure to effect a change where we do not receive the notice in time. We will advise you of the net payment and deduction amounts for each subcontractor. In order for us to do this you will provide us with the following by the relevant day each month as agreed with our payroll department:

- the amount of gross payment (excluding VAT) due to each subcontractor.
- the amount of own materials cost included within the gross payment. In providing this to us you confirm that you have either obtained direct confirmation from the subcontractor of the amount or you consider the amount not to be excessive. You will provide to each of your subcontractors by the 19th of the month following payment the written statements of deductions (which we will provide – see below) to

support each payment. You will be responsible for confirming the self-employment status of all your subcontractors. We will ask you for written confirmation of this prior to signing/confirming the monthly return, including the status declaration, on your behalf. We can provide advice on a case by case basis, should you so require. We will apply for authority using the online agent authorisation procedure (see below). This will result in you being sent an authorisation code by HMRC. Once you receive this it needs to be provided to us to complete the registration.

#### **Our responsibilities as accountants**

We will carry out verification procedures with HMRC for any new subcontractors you use, subject to the terms of the paragraphs above. We will advise you of the net payment and deduction amounts for each subcontractor, subject to the terms of the paragraphs above. On the basis of the above calculations, we will complete the HMRC monthly returns on your behalf electronically. The monthly returns are due by the 19th of each month, even if no subcontractors have been paid since the last return. Failure to meet this deadline will result in financial penalties being levied, for which you will remain liable. We will compile the monthly return as your agent and submit it electronically, based on the information provided by you. We will provide you with a summary of the declared information and it is your responsibility to inform us without delay if you believe an error has been made. We will prepare the written statements of deduction to support each payment, which you will provide to each of your subcontractors by the 19th of the month following payment. We will maintain the record of payments as required by HMRC. We will calculate and advise you of the amount of tax deducted from your subcontractors that needs to be paid over to HMRC each month. Note that payments need to reach HMRC by the 19th of the month following payment for postal payments and by the 22nd where electronic payment methods are used. We will apply for authority using the online agent authorisation procedure. We will submit your CIS information online where possible.

#### **Managed service companies**

We are able to discuss with you whether the company is subject to the managed service company legislation. You authorise us to seek an opinion from HMRC where we consider it appropriate. If we deem the legislation to apply we will prepare the corporation tax computations using the prescribed method, prepare and submit the necessary payroll documentation and advise you how much tax and national insurance to pay and by when. As a firm of accountants, we are not a managed service company provider and are not involved with the company under the terms of the legislation. We will not be made responsible for any unrecovered PAYE debt from the company.

#### **Ad hoc and advisory work**

We will also provide such other taxation ad hoc and advisory services linked to your payroll and/or P11D benefits as may be agreed from time to time. These services may be the subject of a separate engagement letter. Where appropriate we will discuss and agree an additional fee for such work when it is commissioned by you. Examples of such work include:

- Work in connection with workplace pension schemes other than that detailed above;
- dealing with any enquiry opened into the payroll returns by HMRC;
- agreeing with you which employer-provided benefits-in-kind will be processed through the payroll and for which employees, processing through the payroll cash equivalent notional amounts on employee benefits-in-kind, notifying HMRC of in-year changes, advising you on the payment of associated Class 1A NIC, preparing and submitting return P11D(b) and notifications to employees;
- dealing with any compliance check or enquiry opened into the payroll or benefits-in-kind returns by HMRC;
- dealing with any compliance check or enquiry by HMRC into the payroll data submitted;
- preparing and submitting any amended returns or data for previous tax years, and corresponding with HMRC as necessary;
- advising on PAYE settlement arrangements and/or approved expenses scale rates;
- conducting PAYE and benefit health checks;
- assisting you in connection with the Apprenticeship Levy, including determining whether you are liable to pay this, and assisting with the allocation of the Apprenticeship Levy allowance between PAYE schemes or between connected companies or charities. Where specialist advice is required on occasions we may need to seek this from or refer you to appropriate specialists.

#### **26. Bookkeeping**

The following terms will apply where we act as accountants and advisors with regard to Bookkeeping and to clarify our respective responsibilities in respect of that work.

#### **Your responsibilities**

You are legally responsible for providing us with the following information in order for us to prepare accounting records where applicable:

- sales invoices\*;
- purchase invoices\*;
- bank statements\*;
- details of cash and bank payments\*;
- details of cash and bank receipts\*;
- stock and work-in-progress details at the end of each month;
- access to your accounting records;
- a record of the amounts owed to the business at the end of each month;
- a record of the amounts owed by the business at the end of each month;
- a list of accruals at the end of each month;
- a list of prepayments at the end of each month;
- a list of amounts recoverable under contracts at the end of each month

#### **Our responsibilities as accountants**

From the information and explanations you supply we will maintain records of the following is applicable:

- records of bank receipts and payments;
- records of cash receipts and payments;
- reconciliations of the bank and cash control accounts;
- a record of sales;
- a record of purchases;
- a record of amounts owed to the business;
- a record of amounts owed by the business;
- a list of accruals; and
- a list of prepayments.

26.1. You understand that we will not be carrying out an audit and accordingly will not verify the assets and liabilities of the business, nor the items of expenditure and income. To carry out an audit would require additional work to comply with generally accepted auditing standards so that we could report on the truth and fairness of the financial statements.

26.2. We would emphasise that we cannot undertake to discover any shortcomings in your systems or any irregularities on the part of your employees or others, although we will advise you of any such circumstances that we encounter in preparing your accounts.

26.3. You undertake to provide us with accurate and complete information. Where you become aware that information provided by you has altered, or circumstances have changed, you are responsible for advising us of this as soon as possible. We are not responsible for advice or reports provided that would have been altered had we been aware of the full facts.

## **27. Intellectual Property Rights**

27.1. We will retain all copyright in any document we prepare for you unless the law specifically provides otherwise.

## **28. Internal Disputes**

28.1. Our client is the business. If there is a dispute between the owners and/or managers of the business we will continue to communicate with the Nominated Individual, but will copy in all persons whose email details have been provided to us.

28.2. If conflicting advice, instructions or information are received from different individuals at the client, we will refer all matters to the board of directors/partnership/LLP/spouses (as appropriate) and will take no further action until the client has confirmed the course of action to be taken as an entity.

## **29. Limitation of Liability**

29.1. We will provide our services with reasonable care and skill. Our liability to you arising from the services, whether arising in contract, tort, breach of statutory duty or otherwise is limited to £1,000,000. We shall not be liable to you for any indirect or consequential loss, including, loss of profit, loss of goodwill, loss of business opportunity or loss of anticipated saving.

29.2. We will provide our services with reasonable care and skill. Our liability to you is limited to losses, damages, costs and expenses directly caused by our negligence or wilful default.

## **30. Exclusion of Liability Relating to Non Disclosure or Misrepresentation Etc.**

30.1. We will not be responsible or liable for any loss, damage or expense incurred or sustained if information material to the service we are providing is withheld or concealed from us or misrepresented to us. This applies equally to fraudulent acts, misrepresentation or wilful default on the part of any party to the transaction and their directors, officers, employees, agents or advisers.

30.2. This exclusion shall not apply where such misrepresentation, withholding or concealment is or should (in carrying out the procedures which we have agreed to perform with reasonable care and skill) have been evident to us without further enquiry beyond that which it would have been reasonable for us to have carried out in the circumstances.

## **31. Limitation of Third Party Rights**

31.1. The advice and information we provide to you as part of our service is for your sole use and not for any third party to whom you may communicate it unless we have expressly agreed in the engagement letter that a specified third party may rely on our work. We accept no responsibility to third parties, including any group company to whom the engagement letter is not addressed, for any advice, information or material produced as part of our work for you which you make available to them. A party to this agreement is the only person who has the right to enforce any of its terms and no rights or benefits are conferred on any third party under the Contracts (Rights of Third Parties) Act 1999.

## **32. Exclusion of Liability for Loss Caused by Others**

32.1. We will not be liable if losses, penalties, interest or additional tax liabilities are caused by the acts or omissions of any other person or due to the provision to us of incomplete, misleading or false information or if they are caused by a failure to act on our advice or a failure to provide us with relevant information.

32.2. In particular, where we refer you to another firm for advice on matters outside the remit of our engagement, even if connected or related to the engagement, who you then instruct directly, we accept no responsibility in relation to the work carried out by that firm and will not be liable for any losses caused by them.

### 33. Indemnity for Unauthorised Disclosure

33.1. You agree to indemnify us and our agents in respect of any claim, including but not limited to any claim for negligence, (such indemnity to extend to all liabilities, costs, expenses, damages and losses, including but not limited to any direct, indirect or consequential losses, loss of profit, loss of reputation and all interest, penalties and legal costs (calculated on a full indemnity basis) and including payment at our usual rates for the time spent by us in defending it, and all and other reasonable professional and management costs and expenses) arising out of any unauthorised disclosure of our advice and opinions, whether in writing or otherwise.

### 34. Limitation of Aggregate Liability

34.1. The Engagement Letter specifies an aggregate limit of liability, and that sum shall be the maximum aggregate liability of this firm, company or LLP, its principals, partners, directors, members, subcontractors or members, agents, consultants and employees (and of any former principals, partners, directors, members, subcontractors agents, consultants and employees) to all persons to whom the Engagement Letter is addressed and also to any other person that we have agreed with you may rely on our work.

34.2. You have agreed that you will not bring any claim of a kind that is included within the subject of the limit against any of our principals, partners, directors, members, subcontractors, agents, consultants, subcontractors or employees on a personal basis, or any former principals, partners, directors, members, agents, consultants, subcontractors or employees.

### 35. Period of Engagement & Termination

35.1. The start date our responsibility for assignments commence from the start date stated in the engagement letter or the date you sign and return it to us, whichever is the later. Except as stated in the engagement letter, we will not be responsible for periods prior to the start date.

35.2. When notice is given by either party the date that our responsibility for the service ends will be set out in the disengagement letter. (Please see 'Disengagement' above for more details).

### 36. Retention of Papers

36.1. We will return documents that belong to you when the assignment is complete unless specifically agreed with you. If we continue to hold records for you we will agree how they should be treated when we cease to act.

### 37. Agreed Further Services

37.1. We will carry out such further additional services beyond those listed in the Schedules as we may agree with you in writing. Such additional services will be subject to our usual hourly rates and the terms of this Engagement letter and terms and conditions. Any advice given under this clause may only be relied upon if confirmed by us in writing.

## PRIVACY NOTICE

### Contact Details

The Data Protection officer is Alistair Porter, who can be contacted about anything to do with your personal data and data protection, including to make a subject access request, using the following details:

**Email address:** info@suffolk.tax

**Postal address:** Unit 9 Byford Court, Crockatt Road, Hadleigh, Ipswich, IP7 6RD

**Telephone number:** 01473 657000

### Introduction

The Data Protection Act 2018 (DPA) and the General Data Protection Regulation (GDPR) requires organisations that process personal data to meet certain legal obligations. We are a data controller within the meaning of the Act and we process personal data.

We are committed to complying with the requirements of the DPA and GDPR. As a result we confirm that personal information we process will only be held (or otherwise processed) to the extent necessary in order to provide the agreed professional services and for any other purpose specifically agreed.

### Information Collected

We are entering into a contract with you and will be processing data in order to fulfil our contractual obligations. In order to provide the agreed services we need to collect, retain and process personal data about you. This data is needed in order to:

Take you on and retain you as a client according to the provisions of UK laws and professional regulations (e.g. anti-money laundering requirements).

Prepare and file accounts and tax returns

Provide advice on tax and national insurance liabilities

Provide ad hoc advice.

If the information required is not provided, we may not be able to provide the required services which would trigger the disengagement provisions in the terms and conditions.

The personal data that we will collect and process will include:

Names and addresses

Email addresses

Telephone numbers

Information held by HMRC

Information required to prepare tax returns

Information required to prepare your accounts

Correspondence between us

### How Information is Collected

We collect information that is supplied about you from:

You

A spouse/partner

HMRC

Your organisation

Electronic ID verification providers

Other third parties (e.g. banks, investment managers etc.) as authorised by you.

### How Your Information is Used

We may use information we hold about you:

- To provide services under the contract in force between us
- To contact you about other services we provide which may be of interest to you if you have consented to us doing so.
- To meet other legal and regulatory requirements.
- For other legitimate interests.
- We will retain records based on our retention policy so that we can defend ourselves against potential legal claims or disciplinary action which can be brought within statutory time limits.
- We may also use information from other people or organisations when carrying out these activities.
- There is no automated decision-making involved in the use of your information and therefore no data portability.
- Where we use subcontractors they will comply with General Data Protection Regulation (GDPR) requirements.
- Your information may from time to time be transferred and/or processed outside the EEA. This will only be done where we have confirmed that the country to which your data has been transferred provides a level of personal data protection comparable to that provided in European law.

### Lawful basis for processing personal data

Personal data may be processed on a contract basis under the engagement letter and provision of services agreements.

Personal data may be processed on a consent basis when meeting clients' wider expectations of my/our professional relationship.

Personal data may be processed on the legal obligations and/or public interest bases in order to comply with legal requirements.

Personal data may be processed in order to further our legitimate interests.

### Information Which May be Given to Others

In order for us to provide the agreed services, we may provide personal data about you to:

- HMRC
- Other third parties you require us to correspond with (for example, finance providers, pension providers (including auto-enrolment) and investment brokers.
- Subcontractors who are bound by the same professional and ethical obligations as the principals and employees of the practice
- An alternate appointed by us in the event of incapacity or death
- Tax insurance providers
- Professional indemnity insurers
- Our professional body Association of Accounting Technicians (AAT) or an external reviewer in relation to quality assurance.
- We need to give information to these other parties in order to fulfil our contractual obligations to you and therefore it is not possible to opt out of the provision of information to these parties. If you ask us not to provide information we may need to cease to act.

If the law allows or requires during the period of our contractual arrangements or after we have

- Ceased to act we may give information about you to:
- The police and law enforcement agencies
- Courts and tribunals
- The Information Commissioner's Office (ICO).

In addition, after we have ceased to act we may give information about you to:

- Our professional indemnity insurers or legal advisers where we need to defend ourselves against a claim
- Our professional disciplinary body where a complaint has been made against us in order to defend ourselves against a claim.
- Your new advisers or other third parties you ask us to give information to.

### Data Security

We have put in place appropriate and proportionate security measures to address the risk of personal data being lost, used, altered or accessed in an unauthorised way. We limit access to personal data to those who have a business need to access it, and who will only process the personal data on our instructions.

Nevertheless, no data transmission over the internet, or any other network, can ever be regarded as wholly secure, and we have in place measures to deal with any suspected breach of data security.

Those measures include policies and procedures, which are periodically reviewed to ensure they are effective and fit for purpose.

### Retention of Information

When acting as a data controller and in accordance with recognised good practice within the tax and accountancy sector we will retain all of records relating to you as follows:

Where tax returns and accounts have been prepared it is our policy to retain information for seven years from the end of the tax year to which the information relates.

Where ad hoc advisory work has been undertaken it is our policy to retain information for seven years from the date the business relationship ceased.

Where we have an ongoing client relationship permanent information (the data supplied by you and others which is needed for more than one year's tax and accounts compliance) including, for example, capital gains base costs and claims and elections submitted to HMRC, are retained throughout the period of the relationship but will be deleted seven years after the end of the business relationship unless we are asked to retain it for a longer period by our clients.

Under the Money Laundering Regulations (MLR 2017) personal data must normally be destroyed within specified time limits but where contractual agreement is in place this is taken as agreement under Regulation 40 (5) MLR 2017 to retain records for the longer period of seven years.

### **Requesting Information Held About You (the Right to Access)**

Requests to see records and other related information that the firm holds about you are known as 'subject access requests' (SAR). We have set out further details on SARs below.

#### **Requests in Writing**

Please provide all requests in writing to the individual at the top of this notice.

To help provide the information on a timely basis you may need to provide copies of id and proof of address.

#### **Asking someone else to make a subject access request on your behalf**

You can ask someone else to request information on your behalf – for example, a friend, relative or solicitor. We must have your authority to do this. This is usually a letter signed by you stating that you authorise the person concerned to write to for information about you, and/or receive our reply.

### **When We Won't Release Information**

The law allows us to refuse your request for information in certain circumstances – for example, if you have previously made a similar request and there has been little or no change to the data since the original request.

The law also allows us to withhold information where, for example, release would be likely to:

Prejudice the prevention or detection of crime

Prejudice the apprehension (arrest) or prosecution of offenders

Prejudice the assessment or collection of any tax or duty

Reveal the identity of another person, or information about them.

Where we are unable to consent to your request we will set out the reasons in writing.

### **Putting Things Right (the Right to Rectification)**

Should information you have previously supplied to us be incorrect, please inform us immediately so we can update and amend the information we hold.

### **Deleting your Records (the Right to Erasure)**

In certain circumstances it is possible for you to request us to erase your records and further information is available on the ICO website ([www.ico.org.uk](http://www.ico.org.uk)). If you would like your records to be erased, please inform us immediately and we will consider your request. In certain circumstances we have the right to refuse to comply with a request for erasure and if applicable we will supply you with the reasons for refusing your request.

### **Restrictions on Processing (the Right to Restrict Processing and the Right to Object)**

In certain circumstances you have the right to 'block' or suppress the processing of personal data or to object to the processing of that information. For further information refer to the ICO website ([www.ico.org.uk](http://www.ico.org.uk)). Please inform us immediately if you want us to cease to process your information or you object to processing so that we can take the appropriate action.

### **Withdrawal of Consent**

Where you have consented for us to contact you with details of other services we provide we may continue to process your data and contact you for that purpose after our contractual relationship ends. You may withdraw consent for the firm to contact you in relation to details of other services we provide at any time during the performance of the contract or thereafter. We will then cease to process your data but only in connection with contacting you with details of other services we provide. Note that the withdrawal of consent does not make the other bases on which we are processing your data unlawful. We will therefore still continue to process your data under the terms of our contract and for other reasons set out in this privacy notice.

### **Obtaining and Reusing Personal Data (the Right to Data Portability)**

The right to data portability only applies:

To personal data an individual has provided to a controller; where the processing is based on the individual's consent or for the performance of a contract; and when processing is carried out by automated means you may be able to request your personal data in a format which enables it to be provided to another organisation. We will respond to any requests made without undue delay and within one month. We may extend the period by a further two months where the request is complex or a number of requests are received but we will inform you within one month of the receipt of the request and explain why the extension is necessary.

### **Complaints**

If you have any questions or concerns regarding our processing of personal data, you can complain to us as set out in the terms and conditions. If you are dissatisfied with the response, then you can refer to the ICO.

Information Commissioner's Office

Wycliffe House

Water Lane

Wilmslow

Cheshire

SK9 5AF

You can also complain to our professional body - Association of Accounting Technicians (AAT) as set out in the terms and conditions.