

PREPARATION OF NON-STATUTORY FINANCIAL STATEMENTS IN COMPLIANCE WITH A FINANCIAL REPORTING FRAMEWORK

1 RESPONSIBILITIES AND SCOPE FOR FINANCIAL STATEMENTS PREPARATION SERVICES

1.1 Your responsibility for the preparation of financial statements

- 1.1.1 You have undertaken to make available to us, as and when required, all the accounting records and related financial information, including minutes of management meetings, which we need to do our work. You will provide us with all information and explanations relevant to the purpose and compilation of the financial statements, and you will disclose to us all relevant information in full.
- 1.1.2 You are responsible for ensuring that, to the best of your knowledge and belief, financial information, whether used by the business or for the financial statements, is accurate and complete. You are also responsible for ensuring that the activities of the business are conducted honestly, and for safeguarding the assets of the business and for taking reasonable steps to prevent and detect fraud and other irregularities.
- 1.1.3 You will approve and sign the financial statements to acknowledge responsibility for them, including the appropriateness of the accounting basis, and acknowledge responsibility for providing us with all information and explanations necessary for their compilation.
- 1.1.4 You are responsible for ensuring that the business complies with the laws and regulations that apply to its activities, and for preventing non-compliance and detecting any that occurs.

1.2 Our responsibilities as accountants

- 1.2.1 You have asked us to help you prepare the financial statements which comply with applicable accounting standards to enable profits to be calculated to meet the requirements of current tax legislation and to provide sufficient and relevant information to complete a tax return. We will compile the financial statements for your approval based on the accounting records and the information and explanations you give us.
- 1.2.2 We will plan our work on the basis that no report on the financial statements is required by statute or regulation for the year, unless you inform us in writing to the contrary. 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
- 1.2.3 Our work will not be an audit of the financial statements in accordance with International Standards on Auditing (UK) so we will not be able to provide any assurance that the accounting records or the financial statements are free from material misstatement, whether caused by fraud, other irregularities or error, or to identify weaknesses in internal controls.
- 1.2.4 Since we will not carry out an audit, or confirm in any way the accuracy or reasonableness of the accounting records, we cannot provide any assurance whether the financial statements we prepare from those records will present a true and fair view.
- 1.2.5 We will advise you whether your records are adequate for preparation of the financial statements and recommend improvements on anything we come across during the course of our work.

- 1.2.6 We have a professional duty to compile financial statements that conform with generally accepted accounting principles from the accounting records and information and explanations given to us. The accounting policies on which the financial statements have been compiled will be disclosed in the notes to the financial statements and will be referred to in our accountants' report. We will not compile financial statements if the accounting principles, or the accounting policies selected by management are inappropriate.
- 1.2.7 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, if we become aware, for any reason, that the financial statements may be misleading, we will discuss the matter with you with a view to agreeing appropriate adjustments and/or disclosures in the financial statements. If adjustments and/or disclosures that we consider appropriate are not made or if we are not provided with appropriate information and, as a result, we consider that the financial statements are misleading, we will withdraw from the engagement.
- 1.2.8 As part of our normal procedures we may ask you to confirm in writing any information or explanations given to us orally during our work.

1.3 Form of the accountants' report.

- 1.3.1 We will report to you as appropriate that, in accordance with this engagement letter, we have not carried out an audit but have compiled the financial statements from the accounting records and from the information and explanations supplied to us. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than you for our work or for this report. If you wish to share this report with third parties, before doing so, you must discuss this with us, receive our consent and follow any stipulated condition

PARTNERSHIP TAX RETURNS

2 RESPONSIBILITIES AND SCOPE FOR PARTNERSHIP TAX RETURN SERVICES

2.1 Recurring compliance work

- 2.1.1 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. After obtaining your evidenced approval, we will submit these to HM Revenue & Customs (HMRC).
- 2.1.2 We will prepare the partnership business accounts in accordance with generally accepted accounting practice from the books, accounting records and other information and explanations provided to us by you and/or by others on your behalf.
- 2.1.3 We will prepare the income and capital gains computations based on the partnership's business accounts for inclusion in the partnership tax return.
- 2.1.4 If instructed by you, we will advise you as partners on possible partnership tax-return-related claims and elections arising from information supplied by the partnership in the form and manner required by HMRC.
- 2.1.5 If instructed, we will provide each partner, or their agent, with details of the partner's allocations from the return based on the partnership statement to enable partners to fill in their self-assessment tax returns.
- 2.1.6 The work carried out within this engagement will be in respect of the partnership's tax affairs. Any work to be carried out for the individual partners (for example submitting their own tax returns or making related claims and elections) will be set out in a separate letter of engagement.

2.2 Excluded, ad hoc and advisory work

- 2.2.1 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 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 agree with you a separate fee for any such work you instruct us to undertake. Examples of such work that you may wish to instruct us to undertake include:
 - a) advising on making tax digital for income tax self assessment (MTD ITSA) which will require digital accounting records and the submission of quarterly updates and annual returns to HMRC using compatible software. MTD ITSA will be mandatory for general partnerships from 6 April 2025 for income from trading and property;
 - b) advising on whether you should change your partnership accounting year end to align with the tax year end and if so helping you to make the transition including claiming overlap relief;
 - c) advising on ad hoc transactions (for example the sale or purchase of assets)
 - d) advising on preparing accounts on the cash basis and helping you to make the requisite election;
 - e) dealing with any enquiry opened into the partnership tax return by HMRC; and

- f) preparing any amended returns which may be required and corresponding with HMRC as necessary.

2.2.2 If specialist advice is required, we may need to seek this from, or refer you to, appropriate specialists.

2.3 Changes in the law, in practice or in public policy

2.3.1 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, practice, public policy or in your circumstances.

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

2.4 Your responsibilities

2.4.1 The partners are legally responsible for:

- a) ensuring that the partnership self-assessment tax returns are correct and complete;
- b) filing any returns by the due date; and
- c) paying tax on time.

Failure to do any of the above may lead to penalties and/or interest.

2.4.2 Legal responsibility for approval of the return cannot be delegated to others. You agree to check that returns and partnership statements that we have prepared for the partnership are correct and complete before approving them.

2.4.3 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.

2.4.4 To enable us to carry out our work, you agree:

- a) that all returns are to be made on the basis of full disclosure of all sources of income, charges, allowances and capital transactions;
- b) to provide all information necessary for dealing with the partnership affairs; we will rely on the information and documents being true, correct and complete and will not audit the information or those documents;
- c) 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
- d) to provide us with information in sufficient time for the partnership tax returns to be completed and submitted by the 31st January following the end of the tax year; to do this, we need to receive all relevant information by 15th December, if feasible, we may agree to complete your returns within a shorter period but may charge an additional fee for so doing.

2.4.5 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 and profit shares. If you are unsure whether the change is material, please tell us so that we can assess its significance.

2.4.6 You will forward to us letters and other communications received from HMRC, in sufficient 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 when form 64-8 has been submitted, it is essential that you let us have copies of any correspondence received, because HMRC are not obliged to send us copies of all communications issued to you.

- 2.4.7 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 turnover exceeds the UK VAT registration threshold, and you wish us to assist in notifying HMRC of the partnership's obligation to be VAT registered, we will be pleased to assist in the VAT registration process. You should notify us of your instructions to assist in the 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 the VAT registration threshold in force at that time was exceeded. We will not be responsible if you fail to notify us in time and incur a late registration penalty as a result. The same applies for equivalent non-UK taxes.
- 2.4.8 Where you are importing relevant goods into the EU to be supplied to non-taxable persons (final destination of the goods being within the EU), the IOSS can be used by both EU and non-EU established suppliers. If you are importing goods into the EU to be supplied to non-taxable persons but do not or cannot use the IOSS then you will probably have to VAT register in the Member State of importation.
- 2.4.9 If you are making distance supplies of goods within the EU, eg France to Germany (B2C), you can use the Union One Stop Shop (OSS). The non-Union OSS can be used for **any** services where the place of the supply of the service is in the EU and the supplier is non-EU established (B2C again).
- 2.4.10 There may be other circumstances where the Union or non-Union OSS can be used, eg domestic supplies of goods by deemed suppliers, but, broadly, if you are not within any of the above, you may need to VAT-register in the Member State in which you make the supply of the goods or services.
- 2.4.11 You are responsible for employment taxes, pensions (including auto-enrolment) and the assessment of the employment status of your workers. If your business is not small, you are responsible for assessing the employment status under the off-payroll working rules of any contractors providing services to your business and for employment taxes if they are deemed employees. 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.

PERSONAL TAX

3 RESPONSIBILITY AND SCOPE FOR PERSONAL TAX SERVICES

3.1 Recurring compliance work

3.1.1 We will prepare your self-assessment tax returns, including if you have been treated as a deemed employee under the IR35/off-payroll working rules together with any supplementary pages required from the information and explanations that you provide to us. After obtaining your evidenced approval, we will submit your returns to HM Revenue & Customs (HMRC).

3.1.2 We will prepare your business accounts in accordance with generally accepted accounting practice from the books, accounting records and other information and explanations provided to us by you or by others on your behalf.

3.1.3 We will compute your property letting income and expenditure, if applicable, from the books, accounting records and other information and explanations provided to us by you or by others on your behalf.

3.1.4 We will calculate your income tax, national insurance contributions (NIC) and any capital gains tax liabilities to be included on your self-assessment return and tell you how much you should pay and when. We will advise on the interest and penalty implications if tax or NIC is paid late. We will also check HMRC's calculation of your tax and NIC liabilities and initiate repayment claims if tax or NIC have been overpaid.

3.1.5 We will advise you on possible tax-return-related claims and elections arising from information supplied by you, other than as regards tax credits and universal credit (see below). If instructed by you, we will make such claims and elections in the form and manner required by HMRC.

3.1.6 We will review PAYE notices of coding provided to us and advise accordingly.

3.1.7 There is an in-year capital gains tax (CGT) reporting and payment requirement for disposals of UK residential property and, if you are non-UK resident, UK non-residential property and investments in property-rich entities. Where instructed and subject to a separate fee, we will prepare the in-year return for each disposal, calculate the CGT due and submit the return to HMRC. (Note: returns must be submitted within 60 days of sale completion.)

3.2 Excluded, ad hoc and advisory work

3.2.1 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 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 agree with you a separate fee for any such work you instruct us to undertake. Examples of such work that you may wish to instruct us to undertake include:

- b) advising on the extraction of cash/dividends from your personal service company if you have been treated as a deemed employee under the IR35/off-payroll working rules;
- c) advising on preparing business accounts on the cash basis and/or property letting income and expenditure computations on the accruals basis and helping you to make the requisite election(s);

- d) advising on making tax digital for income tax self assessment (MTD ITSA) which will require digital accounting records and the submission of quarterly updates and annual returns to HMRC using compatible software. MTD ITSA will be mandatory from 6 April 2024 for income from self-employment and property;
- e) advising on whether you should change your business accounting year end to align with the tax year end and if so helping you to make the transition including claiming overlap relief;
- f) advising on the in-year capital gains tax (CGT) reporting requirements on disposals of UK residential property, and, if you are non-UK resident, UK non-residential property and investments in property-rich entities, preparing the in-year return and calculating the CGT due where required and submitting the return to HMRC
- g) advising on ad hoc transactions (for example pre-sale advice on the sale of assets);
- h) advising on whether trusts – including any non-taxable trusts – should be registered on HMRC’s trust registration service (NB the deadline for registering non-taxable trusts has been extended to 1 September 2022);
- i) dealing with any enquiry opened into your tax return by HMRC;
- j) preparing any amended returns which may be required and corresponding with HMRC as necessary;
- k) advising on the rules relating to and assisting with registration for VAT or equivalent non-UK taxes; and
- l) advising on tax credits and universal credit; these are, in effect, social security benefits, and your entitlement or otherwise will depend not only on your own circumstances but also on those of your household; we would require all relevant information to advise in this area.

3.2.2 If specialist advice is required, we may need to seek this from, or refer you to, appropriate specialists.

3.3 Changes in the law, in practice or in public policy

3.3.1 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, practice, public policy or in your circumstances.

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

3.4 Your responsibilities

3.4.1 You are legally responsible for:

- a) ensuring that your self-assessment tax and CGT on UK residential property returns are correct and complete;
- b) filing any returns by the due date; and
- c) paying tax on time.

Failure to do any of the above may lead to penalties and/or interest.

3.4.2 Legal responsibility for approval of the return cannot be delegated to others. You agree to check that returns that we have prepared for you are correct and complete before approving them.

- 3.4.3 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.
- 3.4.4 To enable us to carry out our work, you agree:
- a) that all returns are to be made on the basis of full disclosure of all sources of income, charges, allowances and capital transactions;
 - b) to provide all 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;
 - c) to provide full details of all UK residential property disposals including associated costs/valuations prior to disposal. Where you consider that you will be non-UK resident in the tax year of disposal, full details of all UK property disposals, including disposals of shares in property rich companies, must be advised prior to exchange of contracts on any property disposal. If information is received after this, we cannot guarantee that we can provide advice on the amount of capital gains tax due or submit an in-year return within 60 days after the completion of the disposal;
 - d) to authorise us to approach such third parties as may be appropriate, for information that we consider necessary to deal with your affairs; and
 - e) to provide us with information in sufficient time for your tax return to be completed and submitted by the 31st January following the end of the tax year; to do this, we need to receive all relevant information by 15th December; if feasible, we may agree to complete your return within a shorter period but may charge an additional fee for so doing.
- 3.4.5 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, please tell us so that we can assess its significance.
- 3.4.6 You will forward to us HMRC statements of account, copies of notices of assessment, letters and other communications received from HMRC, in sufficient 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 when form 64-8 has been submitted, it is still essential that you let us have copies of any correspondence received, because HMRC are not obliged to send us copies of all communications issued to you.

PAYROLL SERVICES

4 RESPONSIBILITIES AND SCOPE FOR PAYROLL SERVICES

4.1 Recurring compliance work

4.1.1 We will prepare your UK payroll for each payroll period to meet UK employment tax requirements, specifically:

- a) calculating the pay as you earn (PAYE) income tax deductions, including at the Scottish and Welsh rates of income tax, if applicable;
- b) calculating the employees' national insurance contributions (NIC) deductions;
- c) calculating the employer's NIC liabilities;
- d) calculating statutory payments, for example, statutory sick pay and/or statutory maternity pay;
- e) calculating reclaims of statutory payments, for example, maternity payments
- f) calculating employee and employer pension contributions for employees who are members of workplace pension schemes (including those who are auto-enrolled) on the basis of the information that you provide to us;
- g) processing any employee and employer pension contribution refunds through the payroll on the basis of the information that you provide to us
- h) calculating other statutory and non-statutory deductions including employment allowance, apprenticeship levy; and
- i) submitting information online to HM Revenue & Customs (HMRC) under Real Time Information (RTI) for PAYE.

4.2 Ancillary payroll services

4.2.1 Before the time of payment through the payroll or due date, we will prepare and send to you the following documents for delivering information to HMRC:

- a) payroll summary report showing the reconciliation from gross to net for each employee and all relevant payroll totals;
- b) a payslip for each employee;
- c) a form P45 for each leaver;
- d) a report showing your PAYE and NIC liability, student loan repayments, apprenticeship levy and due date for payment; and
- e) a workplace pension contributions report showing
 - i) any employee and employer pension contributions payable in respect of each employee to the respective workplace pension scheme(s) of which they are members and the due date(s) for payment;
 - ii) any employee pension contribution refunds payable to any employee; and
 - iii) any employer pension contribution refunds due to you for any employee who has ceased membership of the scheme(s).

4.2.2 We will submit FPS online to HMRC on the basis of the data provided by you. (FPS must normally reach HMRC on or before the contractual payday, ie, the date that employees are entitled to be paid) but we will file it for you on, or before, the actual day that monies change hands if you have made us aware of that date in order to be compliant with PAYE regulations. You must ensure the data provided to us is complete and accurate and your attention is drawn to your legal responsibilities as set out below.

4.2.3 For each tax month we will prepare, if appropriate, an Employer Payment Summary (EPS) from the information and explanations that you provide to us. (Examples of EPS data include

statutory payments, employment allowance, construction industry scheme deductions, apprenticeship levy allowance allocated to that PAYE scheme and apprenticeship levy payable to date and confirmation that no payments were, or will be, made to employees during that tax month or for future tax months.)

4.2.4 We will submit the EPS online to HMRC on the basis of the data provided by you. (The EPS must reach HMRC by the 19th of the month following the tax month to which it relates.) You must ensure that the data provided to us is complete and accurate and your attention is drawn to your legal responsibilities as set out below.

4.2.5 At the end of the tax year we will:

- a) prepare the final FPS (or EPS) and submit this to HMRC on the basis of the data provided by you; (the due date for submitting final FPS is on or before the last actual payday of the tax year (however as made clear above we will still require to know the contractual pay day too as that is held within the FPS), failing which, the final EPS for the year must reach HMRC by 19 April following the end of the tax year;) you must ensure that the data provided to us is complete and accurate and your attention is drawn to your legal responsibilities as set out below;
- b) 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;
- c) 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.
- d) 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.
- e) 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;
- f) 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.

4.2.6 We will deal with any online secure messages sent to us by HMRC in respect of your payroll, for example, code number notifications, student loan repayment notices, and generic notification notices. Anything that you receive in your PAYE online account should be forwarded to us for action.

4.2.7 We will submit national insurance number (NINO) verification requests as appropriate to verify or obtain a NINO for a new employee.

4.2.8 Any enquiries from individual employees regarding their pay or other payroll details will be referred back to you.

4.3 Excluded, ad hoc and advisory work

4.3.1 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 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 agree with you a separate fee for any such work you instruct us to undertake. Examples of such work that you may wish to instruct us to undertake include:

- a) work in connection with employee workplace pension schemes other than that detailed above including helping with setting up and administering workplace pension schemes, including referring you to appropriate specialists where necessary;
- b) 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;
- c) ensuring that all employees are paid at least the national living wage / national minimum wage;
- d) helping you to ascertain whether you are eligible to claim employment allowance and/or allocate employment allowance across your multiple or associated/connected companies' PAYE schemes, where applicable;
- e) helping you to allocate apprenticeship levy allowances across your multiple or associated/connected companies' PAYE schemes, where applicable;
- f) preparing and submitting returns P11D and P11D(b) for employee benefits-in-kind and expenses and advising on the payment of associated Class 1A NIC (such work, if undertaken, is covered in a separate schedule of services);
- g) dealing with any compliance check or enquiry by HMRC or any other official compliance body into the payroll data submitted and corresponding with HMRC or other such body as necessary;
- h) preparing and submitting any amended returns or data for previous tax years;
- i) assisting you in the operation of the Construction Industry Scheme (CIS) for subcontractors;
- j) conducting PAYE, and benefits and expenses health checks; and
- k) advising on ad hoc transactions, for example, termination payments to employees.

4.3.2 If specialist advice is required, we may need to seek this from, or refer you to, appropriate specialists.

4.4 Changes in the law, in practice or in public policy

4.4.1 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, practice, public policy or in your circumstances.

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

4.5 Your responsibilities

4.5.1 Even though you are engaging us to help you meet your payroll obligations, you are legally responsible for:

- a) ensuring that the data in your payroll submissions is correct and complete;
- b) complying with auto-enrolment obligations;
- c) making any submissions by the due date; and
- d) paying tax and NIC on time.

Failure to do any of the above may lead to penalties and/or interest.

4.5.2 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.

4.5.3 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.

4.5.4 To enable us to carry out our work, you agree:

- a) that all information required to be delivered online is submitted on the basis of full disclosure;
- b) to provide full information necessary for dealing with your payroll affairs and workplace pension scheme contributions and refunds; we will rely on the information and documents being true, correct and complete and will not audit the information or those documents;
- c) to agree with us the name(s) of the person(s) authorised by you to notify us of changes in employees and in rates of pay and other information relevant to the services provided under this schedule; we will process the changes only if notified by that/those individual(s);
- d) to advise us in writing of changes of payroll pay dates;
- e) to notify us at least 3 working days before the payroll pay date of all transactions or events which may need to be reflected in the payroll for the period, including details of:
 - all new employees (including starter checklist showing full names, address, date of birth, gender, national insurance number, start date, etc) and details of their remuneration package including benefits-in-kind to be payrolled;
 - for employees whose benefits-in-kind are being payrolled, their names, the identity of the benefits-in-kind, and the cash equivalent amounts to be included in payroll;
 - for employees who are active pension scheme members, name of pension scheme, pensionable pay, employee and employer contribution rates, dates from/to which contributions and qualifying earnings are payable;
 - names and dates of birth of all apprentices aged under 25;
 - names and dates of birth of all employees aged under 21;
 - all changes to remuneration packages including benefits-in-kind to be payrolled;
 - employee expenses which need to be included in payroll to account for either income tax or Class 1 NIC or both;
 - expenses for each employee if the expense is to be reimbursed gross through payroll as an addition to net pay;
 - information necessary to enable us to calculate statutory payments, ie, statutory sick pay, statutory maternity pay, statutory adoption pay, statutory paternity pay, statutory shared parental pay, statutory parental bereavement pay;
 - irregular and/or ad hoc payments and the dates to be paid; and
 - all leavers, their annual salary before any salary sacrifices, how often paid, unworked notice period, contractual payment in lieu of notice (PILON), date of termination of employment, age, number of years' service, the last payment prior to termination and when paid, and the components parts of the termination package, including statutory redundancy pay, compensation for loss of office, any bonus payable on termination and any payments made after the leaving date.
- f) to confirm that you have reviewed your entitlement to the employment allowance and confirm that you wish us to make the legal declaration claim on your behalf
- g) to tell us the value of the apprenticeship levy allowance that is being allocated in the range £0 to £15,000 to each PAYE scheme – indicating payroll name and PAYE scheme reference

- h) to notify us within 3 working days of your receiving or becoming aware of any opt-out notices or any other requests to cease membership of a scheme, so that we can cease to calculate any relevant pension contributions and process any required refunds;
- i) to register with HMRC in advance of the tax year, to notify which benefits-in-kind are to be payrolled for which employees (as agents, we cannot do this);
- j) to keep us informed of changes in circumstances that could affect the payroll; if you are unsure whether a change is material, please tell us so we can assess its significance;
- k) to authorise us to approach such third parties as may be appropriate, for information that we consider necessary to deal with your payroll; and
- l) to approve:
 - in-year and final FPS by at least 3 days working days before contractual pay dates so that they can be submitted on or before payday, or as agreed with us;
 - in-year and final EPS by at least 3 days before the 19th of the month following the tax month;
 - revised year to date FPS for an earlier year within 3 days of notifying you of the data therein.

4.5.5 If we do not hear from you by the above deadlines, subject to any other agreement between us, we will take your silence as your approval for us to submit the return.

4.5.6 If the information required to complete the payroll services set out above is received later than the dates specified above or 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.

4.5.7 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. We reserve the right to charge for any corrections to be made.

4.5.8 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. This authorises HMRC to communicate with us as your agent, although they consider that you should still take 'reasonable care' over your tax affairs.

4.5.9 You will forward to us any communications received from HMRC, in sufficient time to enable us to deal with them as may be necessary within the requisite time limits. Although HMRC has the authority to communicate with us when form 64-8 has been submitted, it is essential that you let us have copies of any correspondence received, because HMRC are not obliged to send us copies of communications issued to you and, in most cases, will not do so. You should also keep a note of any telephone communication you have with HMRC's tax credits helpline or DWP's universal credits helpline, including the date and time of the call, and the name of the helpline operator(s).

4.6 CONSTRUCTION INDUSTRY SCHEME (CIS)

Not all clients signing this engagement letter will require us to act on their behalf regarding CIS matters. Where you have asked us to do so we will have agreed with you a fee for this service. Your acceptance of our fee proposal will represent instructions for us to act on your behalf with regard to CIS, where the following will apply;

YOUR RESPONSIBILITIES

- 4.6.1 We will carry out verification procedures with HMRC for any new subcontractors you use. To enable us to do this you will provide us with the following:
- 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 for subcontractors paid before the date of this letter, along with the deduction rate as advised by HMRC. You must also verify subcontractors you have used before but have not included on a CIS return in the current or last two tax years.
- 4.6.2 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.
- 4.6.3 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 last day of each tax month;
- (a) the amount of gross payment (excluding VAT) due to each subcontractor.
 - (b) 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.
- 4.6.4 You will provide to each of your subcontractors by the 19th of the month following payment the written statements of deductions to support each payment.
- 4.6.5 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. Information for verifying subcontractor status must be delivered to HMRC electronically. We can provide advice on a case by case basis, should you so require.
- 4.6.6 We will apply for authority using the online agent authorisation procedure (see 3.8 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

- 4.6.7 We will carry out verification procedures with HMRC for any new subcontractors you use, subject to the terms of paragraph 4.6.1 above.
- 4.6.8 We will advise you of the net payment and deduction amounts for each subcontractor, subject to the terms of paragraph 4.6.3 above.

- 4.6.9 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. Failure to meet this deadline will result in financial penalties being levied, which you remain liable for. Returns are not mandatory where no subcontractors have been paid since the last return. However, HMRC will still issue a penalty notice if a return is not received by the due date which will have to be appealed. To avoid this, we will complete nil returns on your behalf where no subcontractors have been paid since the last return.
- 4.6.10 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.
- 4.6.11 We will prepare 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.
- 4.6.12 We will maintain the record of payments as required by HMRC.
- 4.6.13 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.
- 4.6.14 We will apply for authority using the online agent authorisation procedure. We will submit your CIS information online where possible. HMRC do sometimes overlook the authority to send information to us and therefore you should always send us the originals or copies of all communication you receive from them.

BENEFITS-IN-KIND RETURNS

5 RESPONSIBILITIES AND SCOPE FOR BENEFITS-IN-KIND RETURN SERVICES

5.1 Recurring compliance work

- 5.1.1 We will prepare form P11D as may be required for each employee, including directors, based on the accounts, information and explanations provided to us on your behalf.
- 5.1.2 We will prepare form P11D(b) to include the Class 1A NIC on benefits-in-kind and expenses, both on forms P11D and included in payroll.
- 5.1.3 We will submit the form 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 approved by you.
- 5.1.4 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.
- 5.1.5 We will calculate your Class 1A NIC liability on the benefits and expenses both returned in form P11D and included in payroll that you are obliged to pay HMRC by the due date and send payment instructions to you.

5.2 Excluded, ad hoc and advisory work

- 5.2.1 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 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 agree with you a separate fee for any such work you instruct us to undertake. Examples of such work that you may wish to instruct us to undertake include:
 - 1 assisting you with calculating the values for tax and NIC of benefits-in-kind provided to employees, including when provided by way of salary sacrifice and other optional remuneration arrangements;
 - 2 dealing with any compliance check or enquiry by HMRC into the benefits-in-kind returns submitted;
 - 3 preparing any amended returns which may be required and corresponding with HMRC as necessary;
 - 4 advising on PAYE settlement agreements and/or approved expenses scale rates; and
 - 5 conducting PAYE and benefits and expenses health checks.
- 5.2.2 If specialist advice is required, we may need to seek this from, or refer you to, appropriate specialists.

5.3 Changes in the law, in practice or in public policy

- 5.3.1 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, practice, public policy or in your circumstances.
- 5.3.2 We will accept no liability for losses arising from changes in the law (or the interpretation thereof), practice or public policy that are first published after the date on which the advice is given.

5.4 Your responsibilities

5.4.1 Even though you are engaging us to help you meet your end-of-year benefits-in-kind return obligations, you are legally responsible for:

- a) 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 form P11D and amounts of benefits-in-kind and expenses in the payroll are correct and complete;
- b) filing any returns by the due date after the end of the tax year; and
- c) making payment of Class 1A NIC on time.

Failure to do any of the above may lead to penalties and/or interest.

5.4.2 The approver of the return cannot delegate this legal responsibility to others. The approver agrees to check that the forms that we have prepared for you are correct and complete before approving them.

5.4.3 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.

5.4.4 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) 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;
- c) to notify us after 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;
- d) 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
- e) to approve the returns by 1st July 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.

5.4.5 If the information required to complete the benefits-in-kind returns set out above is received later than 1st July after the end of the tax year, we will still endeavour to process the information onto the BiK 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.

5.4.6 You will forward to us any communications received from HMRC, in sufficient time to enable us to deal with them as may be necessary within the requisite time limits. Although HMRC has the authority to communicate with us when form 64-8 has been submitted, it is essential that you let us have copies of any correspondence received, because HMRC are not obliged to send us copies of communications issued to you and, in most cases, will not do so.

GREAT BRITAIN VAT RETURNS (MAKING TAX DIGITAL (MTD) FOR VAT)**6 RESPONSIBILITIES AND SCOPE FOR VAT RETURN SERVICES****6.1 Initial registration**

6.1.1 We will sign you up for MTD for VAT. By instructing us to sign up on your behalf you are agreeing to HMRC's terms of use. This may result in changes that may include changes to deadlines. You will complete HMRC's sign up process to enable submission of your VAT return

6.1.2 **For new VAT clients and ones that have not previously provided authorisation only.** You will need to authorise us as an agent on the HMRC portal using your Business Tax Account. This is completed online, and you will need your relevant official gateway ID. This authorises HMRC to communicate with us as your agent, although they consider that you should still take 'reasonable care' over your tax affairs.

6.2 Recurring compliance work

6.2.1 We will prepare your MTD for VAT returns on a quarterly basis.

6.2.2 We will check the digital accounting records which you keep to meet the requirements of MTD for VAT and which you provide to us for preparation of the MTD for VAT returns. 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.

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

6.2.4 Where appropriate, we will include import VAT from any digital import certificates (postponed VAT accounting) and/or C79s we receive from you.

6.2.5 Where appropriate, we will calculate the partial exemption annual adjustment

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

6.2.7 We are not responsible for considering or applying for any of the exemptions from MTD for VAT. However, if you feel that you are eligible for exemption, please let us know. We are happy to discuss this and may correspond with HMRC on your behalf if needed, or we can guide you on whom you should contact for this. This may be subject to an additional fee.

6.2.8 We will advise you of any relaxations applicable in relation to the digital records of supplies made and received.

6.2.9 We will submit the MTD for VAT return data online to HMRC after the data to be included therein has been approved by you.

6.2.10 We will agree with you any supplementary information to be submitted on a voluntary basis with the MTD for VAT returns prior to submission.

6.2.11 Where you are invoice (accruals) accounting for income tax, we will perform an annual reconciliation of VAT outputs to turnover.

6.2.12 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.

6.3 Ad hoc and advisory services

6.3.1 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 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 agree with you a separate fee for any such work you instruct us to undertake. Examples of such work that you may wish to instruct us to undertake include:

- a) reconciling VAT outputs with turnover
- b) advising on ad hoc transactions
- c) reviewing and advising on a suitable partial exemption method to use in preparing the return;
- d) dealing with all communications relating to your VAT returns addressed to us by HMRC or passed to us by you;
- e) processing import and export declarations including deferred import entries that require postponed VAT accounting (at present we assume that these are handled by you or your customs agent);
- f) making recommendations to you about the use of cash accounting, annual accounting, flat-rate and other suitable methods of accounting for VAT;
- g) making recommendations to you about the use of the VAT One Stop Shop (OSS) Union and/or non-Union schemes and/or the VAT Import One Stop Shop (IOSS) if you supply services or goods to consumers in the EU;
- h) advising on the VAT liability of supplies of goods or services to consumers outside Great Britain;
- i) providing you with advice on VAT;
- j) work required to rectify the position where your software is incompatible with our software; and
- k) reviewing your record keeping processes and providing advice on potential improvements to enable compliance with the MTD for VAT requirements, including digital links for the transfer of data between different software.

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

6.3.2 If specialist advice is required, we may need to seek this from, or refer you to, appropriate specialists.

6.4 Changes in the law, in practice or in public policy

6.4.1 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, practice or public policy or in your circumstances.

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

6.5 Your responsibilities

6.5.1 You are legally responsible for:

- a) ensuring that your returns are correct and complete and in an appropriate digital format and capture the appropriate level of data;
- b) ensuring your record keeping is compliant with the new requirements for the digital recording and transfer of data
- c) filing any returns by the due date; and
- d) paying VAT on time.

Failure to do any of these may lead to penalties, surcharges and/or interest.

6.5.2 Legal responsibility for approval of the return cannot be delegated to others. You agree to check the returns that we have prepared for you are correct and complete before approving them.

6.5.3 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.

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

- Access to your accounting records
- Sale invoices
- Purchase invoices
- Bank statements
- Details of bank and cash payments
- Details of bank and cash receipts
- Stock and work-in-progress details

We have also agreed that you will provide the following:

- A record of the amounts owed to the business
- A record of amounts owed by the business
- A list of accruals
- A list of prepayments
- Private use adjustments

6.5.5 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 prescribed; 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 that you provide which 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 quarterly returns as soon as possible after the return period ends; we would ordinarily need a minimum of 7 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 'default surcharge' penalty that may arise; if feasible, we may agree to complete your return within a shorter period but may charge an additional fee for so doing; and
 - e) to inform us that you have made the tax payment based on your calculated return.
- 6.5.6 You will keep us informed of material changes in circumstances that could affect your VAT obligations. If you are unsure whether the change is material or not please tell us so that we can assess its significance.
- 6.5.7 You will forward to us HMRC statements of account, copies of notices of assessment, letters and other communications received from HMRC, in sufficient time to enable us to deal with them as may be necessary within the statutory time limits. Although HMRC has the authority to communicate with us when form 64-8 or online authorisation has been submitted, 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 and, in most cases, will not do so.
- 6.5.8 You are responsible for bringing to our attention any errors, omissions or inaccuracies in your VAT returns that you become aware of after the returns have been submitted in order that we may assist you to make a voluntary disclosure.
- 6.5.9 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 do not understand what you need to do, please ask us. If you exceed the VAT registration threshold, and you 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.
- 6.5.10 If you provide digital or any other services to consumers in the EU, you are responsible for either registering for VAT in the Member State in which the supply takes place or registering for the OSS (non-Union scheme).
- 6.5.11 If you import goods from third countries into the EU of a value not exceeding €150 (excluding certain goods) for sale to a non-taxable person in the EU (destination country), you can use the IOSS scheme. The IOSS can also be used for supplies from GB of low value goods to consumers in Northern Ireland.
- 6.5.12 If you supply goods to non-taxable persons within the EU (eg France to Germany) then you will have to register in the Member State of destination (there is no de minimis threshold) or use the OSS Union scheme to declare the VAT due.

Schedule 7

BOOK-KEEPING SERVICES

7 BOOK-KEEPING SERVICES

Your responsibility for the provision of information

- 7.1** You have undertaken to make available to us, as and when required, all the accounting records and related financial information, including minutes of management meetings, which we need to do our work. You will provide us with all information and explanations relevant to the purpose, preparation and maintenance of the accounting records, and you will disclose to us all relevant information in full.
- 7.2** You are responsible for ensuring that, to the best of your knowledge and belief, financial information, whether used by the business or for the accounting records, is accurate and complete. You are also responsible for ensuring that the activities of the business are conducted honestly, and for safeguarding the assets of the business and for taking reasonable steps to prevent and detect fraud and other irregularities.
- 7.3** You are responsible for ensuring that the business complies with the laws and regulations that apply to its activities, and for preventing non-compliance with these and detecting any that occur.

Preparation and maintenance of accounting records

Our responsibilities

- 7.4** We have agreed to carry out the following accounting and other services on your behalf:
- 1 write up the accounting records of the company and;
 - 2 complete the postings to the nominal ledger.

Your responsibilities

- 7.5** At the outset of a bookkeeping engagement we will agree with you what prime records you will need to keep and when you need to provide those records to us.
- 7.6** You have agreed that you will:
- 1 keep the records of receipts and payments;
 - 2 reconcile the balances monthly with the bank statements;
 - 3 post and balance the purchases and sales ledgers;
 - 4 extract a detailed list of ledger balances;
 - 5 prepare details of the annual stocktaking, suitably priced and extended in a form which will enable us to verify the prices readily by reference to suppliers' invoices, and provide us with a copy of the valuation report produced by your independent stocktakers; and
 - 6 prepare details of work-in-progress at the accounting date and make available to us the documents and other information from which the statement is compiled.

CLOUD-BASED SERVICES

8 IT SECURITY REQUIREMENTS

8.1 Your responsibilities

8.1.1 To support the delivery of cloud-based services, it is important to ensure that appropriate IT security measures are in place.

8.1.2 You are responsible for:

- a) providing us with a list of approved users;
- b) ensuring that all usernames, passwords and any additional authentication measures required for access are kept secure and not shared with unauthorised individuals;
- c) ensuring that you have appropriate security measures in place to prevent and/or detect viruses, trojans, malware or any other malicious code;
- d) any internet link (eg through your internet service provider) to permit you to connect to the service; and
- e) compliance with the service providers terms, if applicable.

8.1.3 If any of your staff authorised for access leave or are no longer authorised, you must remove access using your administrative console or notify us to remove any access. You must give us sufficient notice to be able to make the change on your behalf if you are not able to do this directly.

8.2 Our responsibilities

8.2.1 We are responsible for:

- a) ensuring only our authorised staff are provided appropriate levels of access to your cloud-based systems;;
- b) ensuring that all usernames, passwords and any additional authentication measures required for access are kept secure and not shared with unauthorised individuals;
- c) having appropriate security measures in place to prevent and/or detect viruses, trojans, malware or any other malicious code; and
- d) compliance with the service providers terms, if applicable.

CLOUD-BASED ACCOUNTING SOFTWARE

8.3 Provider

8.3.1 We work with a range of cloud-based accounting software and we will help you to choose the most appropriate package for your business needs. If you are already using cloud-based accounting software, we will continue to use this package.

8.4 Our responsibilities

8.4.1 We will send you an invoice per our agreed payment schedule for the services provided.

8.4.2 When you stop the service, giving notice as per 8.3.1 above we will work with the supplier to obtain a backup of your data as at the end of the notice period.

8.4.3 We are not responsible for any failure to deliver the service due to errors in transmission, internet outages, supplier infrastructure issues or any other failure that results in unavailability of the service. We are also not liable for any loss or corruption of data if you have breached the supplier's terms.

8.5 Excluded work

8.5.1 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 other 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 agree with you a separate fee for any such work you instruct us to undertake. Examples of such work that you may wish to instruct us to undertake include:

- a) assisting you in the selection of specific accounting software relevant to your needs;
- b) review of existing software for suitability to your business needs;
- c) training for your staff in the use of the accounting software.

8.6 Your responsibilities

8.6.1 You shall pay the fee per our agreed payment schedule. If you do not make payment, then we will issue a written warning, after the warning we will stop the service until fees due have been paid or an alternative arrangement has been made.

8.6.2 You are responsible for the maintenance of your accounting records.

8.6.3 You will enter into a Terms of Use and Service Level Agreement with your chosen Cloud Based Accounting Software Provider. You are responsible for ensuring that the terms are suitable for your requirements. Should you wish to discuss anything in these agreements please contact us prior to entering into the agreement.

CLIENT PORTALS

8.7 Client portal

8.7.1 We will provide a free portal service to allow secure exchange of files between us, and for on demand access to shared documents.

8.8 Our responsibilities

8.8.1 We shall maintain commercially reasonable and appropriate security measures, including administrative, physical and technical safeguards, to protect against unauthorised or unlawful access to data in the portal and against accidental loss or destruction of, or damage to, the data.

8.8.2 If you decide to stop using our services, we will disable all user access to your portal.

8.8.3 At our discretion, we may change how the portal service is offered. We will provide you appropriate notice of any changes that may affect your usage.

8.9 Your responsibilities

8.9.1 You have agreed that you will:

- a) Control which files are uploaded to the portal;
- b) Remove files from the portal when they are no longer needed; and
- c) Not provide access to any third parties.

8.9.2 You must notify us immediately if you wish to stop using the services of the firm so that we can disable access in a timely manner.

TAX INVESTIGATIONS

9 RESPONSIBILITIES AND SCOPE FOR TAX INVESTIGATION SERVICES

9.1 Our Responsibilities

- 9.1.1 We will act on your behalf in the matter of **Investigation under section 9A Taxes Management Act 1970 by HMRC**. This work is not covered by your current accounting fees, we will provide you with a quotation for this work on a case by case basis dependant on the work to be completed. However, if you have a tax investigation insurance policy, we will apply directly to the provider to cover our fees.
- 9.1.2 Where required, we will prepare a report on your behalf giving full disclosure of your tax affairs and, once agreed by you, submit it to HMRC.
- 9.1.3 We will negotiate with HMRC on any question of taxation, interest and penalties. The outcome of some income tax enquiries may be related to, or impact on, claims to tax credits and universal credit. We will not address the tax credits and universal credit issues unless we have explicitly agreed to do so.
- 9.1.4 We must make it clear that if, at any time, we consider that:
- a) you are not cooperating with us and/or answering our enquiries fully and frankly; or
 - b) you are unwilling to make full disclosure or you refuse to do so;
- we will immediately cease to act and inform HMRC of that fact (albeit not the reasons for ceasing to act). In that event, any fees you have already paid will not be reimbursed and you will remain liable for any unbilled costs.
- 9.1.5 If specialist advice is required in connection with the investigation, we may need to seek this from, or refer you to, appropriate specialists.

9.2 Your responsibilities

- 9.2.1 To enable us to carry out our work in relation to the investigation you agree:
- a) that all information to be given to HMRC in the course of the investigation is to be made on the basis of full disclosure of all sources of income, charges, allowances and capital transactions;
 - b) to provide full information necessary for dealing with the investigation;
 - c) to authorise us to communicate with such third parties as may be appropriate, and that we consider necessary to deal with the investigation;
 - d) to provide information promptly to enable us to deal with the investigation expeditiously and to act in your interests in order to qualify for such reduction as may be appropriate for the cause of the error and the level of disclosure if there are tax liabilities or penalties for earlier years;
 - e) to forward to us immediately on receipt, copies of all HMRC correspondence, statements of account, PAYE coding notices, notices of assessment, letters and other communications received from HMRC as may be relevant to the investigation to enable us to deal with them as may be necessary; although HMRC have the authority to communicate with us when form 64-8 has been submitted, it is essential that you let us have copies of any correspondence received, because HMRC are not obliged to send us copies of all communications issued to you, and, in most cases, will not do so;

- f) to keep us informed about significant changes in your circumstances if they are likely to affect the outcome of the investigation; if you are unsure whether the change is material, please let us know so that we can assess its significance or otherwise; and
- g) to notify us immediately of any insurance cover you have for enquiries by HMRC into your tax returns.

UNPROMPTED TAXATION DISCLOSURES

10 RESPONSIBILITIES AND SCOPE FOR UNPROMPTED TAX DISCLOSURES

10.1.1 When asked to do so, we will provide taxation advice to you in respect of a voluntary disclosure to HMRC. This work is not covered by your current accounting fees, we will provide you with a quotation for this work on a case by case basis.

10.1.2 Where required, we will prepare a report on your behalf giving full disclosure of your UK taxation affairs and, once it is agreed by you, submit it to HMRC on your behalf. We may also use HMRC's online Digital Disclosure Service to:

- a) register you for an appropriate disclosure facility after you agree to that approach; and
- b) submit information to HMRC relating to your disclosure, once it is agreed by you.

10.1.3 We will negotiate with HMRC on any issue relating to taxation, interest and penalties with the aim of settling your United Kingdom taxation affairs. The outcome of some income tax disclosures may be related to or impact on claims to tax credits and universal credit. We will not address the tax credits and universal credit issues unless we explicitly agree to do so.

10.1.4 We must make it clear that if at any time we consider that:

- a) you are not cooperating with us and answering our enquiries fully and frankly; or
- b) you do not fulfil your responsibilities as per 1.2 below; or
- c) you are unwilling to make full disclosure or you refuse to do so;

then we will immediately cease to act and inform HMRC of that fact (albeit not the reasons for ceasing to act). In that event, any fees you have already paid will not be reimbursed and you will remain liable for any unbilled costs.

10.1.5 As part of the disclosure, either we (on your behalf) or HMRC may propose alternative dispute resolution to resolve matters. In such cases, we will negotiate on your behalf as part of this process. However, if the mediation is not successful and the case continues, the terms set out in this engagement letter will continue to apply to all work carried out on your behalf following the mediation.

10.1.6 We will, if instructed by you on a case-by-case basis:

- a) make appeals to HMRC against assessments and/or determinations of taxation and/or penalties issued by HMRC during the course of our work. These appeals may include requests for the collection of the amount assessed/determined to be postponed pending full resolution of the enquiry/investigation. We cannot guarantee that HMRC will accept the appeal and/or postponement application;
- b) request HMRC undertake an internal review of their decision(s) and make representations to the review officer;
- c) make representations to HMRC on your behalf if HMRC indicates it intends to publish your details (eg as a deliberate defaulter).

10.1.7 Where specialist advice is required in connection with the voluntary disclosure, we may need to seek this from or refer you to appropriate specialists and/or tax counsel. We will only do this when instructed by you.

10.1.8 Where you request us to advise on ancillary matters connected with the disclosure to HMRC, we will confirm your instruction in this regard in writing and, if appropriate, issue to you a separate engagement letter to cover these ancillary matters. Where it is not appropriate to

issue a separate engagement letter, we will carry out this additional advice under the terms of this engagement letter (although we reserve the right to charge an additional fee).

10.2 Your responsibilities

10.2.1 To enable us to carry out our work in relation to the voluntary disclosure you agree:

- a) that all information and documentation to be given to HMRC in the course of the voluntary disclosure is to be made on the basis of full disclosure of all sources of income, charges, allowances and capital transactions;
- b) to provide full information necessary for dealing with the voluntary disclosure;
- c) to authorise us to communicate with such third parties as may be appropriate and that we consider necessary to deal with the voluntary disclosure;
- d) to provide information promptly to enable us to deal with the voluntary disclosure expeditiously and to act in your interests in order to qualify for such reduction as may be appropriate for the cause of the error and the level of disclosure if there are tax liabilities or penalties for earlier years;
- e) to forward to us immediately on receipt copies of all HMRC correspondence, statements of account, PAYE coding notices, notices of assessment, letters and other communications received from HMRC as may be relevant to the voluntary disclosure to enable us to deal with them as may be necessary.. 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 and, in most cases, will not do so.
- f) to keep us informed about significant changes in your circumstances if they are likely to affect the outcome of the voluntary disclosure. If you are unsure whether the change is material or not, please let us know so that we can assess its significance or otherwise;
- g) to notify us immediately of any insurance cover you have for this voluntary disclosure including any queries raised by HMRC following its submission.
- h) To the extent that our advice covers non-UK tax aspects, you must confirm this with an appropriately qualified professional adviser in the relevant territory before any irrevocable action is taken. We would be pleased to liaise with them as appropriate.