

PERSONAL TAX

1 RESPONSIBILITY AND SCOPE FOR PERSONAL TAX SERVICES

1.1 Recurring compliance work

- 1.1.1 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).
- 1.1.2 We will compute your property letting income and expenditure on the cash basis from the books, accounting records and other information and explanations provided to us by you or by others on your behalf.
- 1.1.3 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.
- 1.1.4 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.
- 1.1.5 We will review PAYE notices of coding provided to us and advise accordingly.
- 1.1.6 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: as returns must be submitted within 60 days of sale completion, please see para 1.4.1.)

1.2 Excluded, ad hoc and advisory work

- 1.2.1 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 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;
 - b) 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);
 - c) 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;

- d) 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;
- e) 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
- f) advising on ad hoc transactions (for example pre-sale advice on the sale of assets);
- g) 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);
- h) dealing with any enquiry opened into your tax return by HMRC;
- i) preparing any amended returns which may be required and corresponding with HMRC as necessary;
- j) advising on the rules relating to and assisting with registration for VAT or equivalent non-UK taxes; and
- k) 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.

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

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

1.3.1 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.

1.3.2 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.

1.4 Your responsibilities

1.4.1 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.

1.4.2 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.

- 1.4.3 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.
- 1.4.4 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.
- 1.4.5 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.
- 1.4.6 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.

CLOUD-BASED SERVICES

2 IT SECURITY REQUIREMENTS

2.1 Your responsibilities

- 2.1.1 To support the delivery of cloud-based services, it is important to ensure that appropriate IT security measures are in place.
- 2.1.2 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.
- 2.1.3 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.

2.2 Our responsibilities

- 2.2.1 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

2.3 Provider

- 2.3.1 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.

2.4 Our responsibilities

- 2.4.1 We will send you an invoice per our agreed payment schedule for the services provided.
- 2.4.2 When you stop the service, giving notice as per 7.3.1 above we will work with the supplier to obtain a backup of your data as at the end of the notice period.
- 2.4.3 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.

2.5 Excluded work

2.5.1 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.

2.6 Your responsibilities

2.6.1 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.

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

2.6.3 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

2.7 Client portal

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

2.8 Our responsibilities

2.8.1 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.

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

2.8.3 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.

2.9 Your responsibilities

2.9.1 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.

2.9.2 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

3 RESPONSIBILITIES AND SCOPE FOR TAX INVESTIGATION SERVICES

3.1 Our Responsibilities

- 3.1.1 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.
- 3.1.2 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.
- 3.1.3 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.
- 3.1.4 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.
- 3.1.5 If specialist advice is required in connection with the investigation, we may need to seek this from, or refer you to, appropriate specialists.

3.2 Your responsibilities

- 3.2.1 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

4 RESPONSIBILITIES AND SCOPE FOR UNPROMPTED TAX DISCLOSURES

- 4.1.1 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 dependant on the work to be completed.
- 4.1.2 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.
- 4.1.3 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.
- 4.1.4 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.
- 4.1.5 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.
- 4.1.6 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).
- 4.1.7 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.
- 4.1.8 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).

4.2 Your responsibilities

4.2.1 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.