

**TRUSTS AND ESTATES TAX RETURNS**

**1 RESPONSIBILITIES AND SCOPE FOR TRUST & ESTATE TAX RETURN SERVICES**

**1.1 Recurring compliance work**

**1.1.1 We will prepare:**

- a) the trust and estate self-assessment tax returns, together with any supplementary pages required;
- b) all inheritance tax returns required from the information and explanations that you provide to us. After obtaining evidenced approval from you, we will submit your returns to HM Revenue & Customs (HMRC).

1.1.2 If applicable, we will maintain the accounting records of the trust/estate on your behalf from the information and explanations provided to us by you, or by others on your behalf, for the purposes of preparing the annual trust/estate accounts and tax returns.

1.1.3 If applicable, we will prepare the income and expenditure and capital accounts (together with a balance sheet) of the trust/estate from the accounting records and other information and explanations provided by you, or by others on your behalf, and will obtain your approval of the accounts.

1.1.4 We will calculate the income tax and capital gains tax (and inheritance tax, if applicable) liabilities of the trust/estate and will advise you how much you should pay and when. We will advise you on the interest and penalty implications if tax is paid late. We will also check HMRC's calculations of the tax liabilities and initiate repayment claims if tax has been overpaid.

1.1.5 We will advise you on possible tax-return-related claims and elections arising from information supplied by you. If instructed by you, we will make such claims and elections in the form and manner required by HMRC.

1.1.6 There is an in-year capital gains tax (CGT) reporting and payment requirement for disposals of UK residential property and, if the trust is 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)

1.1.7 If the terms of the trust/will require income or capital payments to be made to the beneficiaries, we will assist you in preparing all necessary forms relating to such payment.

1.1.8 Under anti-money laundering legislation trustees are obliged to maintain accurate and up-to-date records in writing of beneficial owners and report specified information about the trust to HMRC.

1.1.9 The trustees will be responsible for annually updating or confirming that no change is required to the details of settlors, trustees and beneficiaries on the trust register maintained by HMRC.

For the purposes of completing the self-assessment return, the trustees undertake to provide us with confirmation that the annual update, or confirmation that no change is required, has been completed on HMRC's trust register. We will provide assistance with this if agreed separately.

## **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. If appropriate we will agree with you a separate fee for any such work that you instruct us to undertake. Examples of such work that you may wish to instruct us to undertake include:

- a) advising you of the occasions of charge to inheritance tax, the basis of the charge and when the tax liability is due for payment;
- b) advising on ad hoc transactions (for example the sale of assets held by the trust or estate);
- c) preparing inheritance tax returns;
- d) dealing with any enquiry opened into the trust & estate tax returns by HMRC; and
- e) dealing with any enquiries and/or assessments raised by HMRC in relation to inheritance tax.

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 As trustees/executors you have legal responsibility for:

- a) ensuring that the trust/estate tax returns are correct and complete;
- b) filing any returns by the due date;
- c) paying tax on time; and
- d) ensuring that the trust is recorded on HMRC's Trust Registration Service.

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. As Trustees/Executors you agree to check that the returns that we have prepared 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 the trust/estate taxation affairs; we will rely on the information being true, correct and complete and will not audit the information;
- c) to advise us of distributions made within 30 days of such an event;
- d) 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 30 days of the completion of the disposal;
- e) to authorise us to approach such third parties as may be appropriate, for information that we consider necessary to deal with the trust/estate taxation affairs;
- f) to provide us with information in sufficient time for the trust/estate self-assessment tax returns to be completed and submitted by the due date following the end of the tax year; to do this, we need to receive all relevant information by at least 60 days before the deadline; if feasible, we may agree to complete your return within a shorter period but may charge an additional fee for so doing;
- g) to provide us with information in sufficient time for the trust/estate inheritance tax returns to be completed and submitted by the due dates, if applicable; and
- h) to provide us with records of receipts & payments, records of invoices issued & received, and all other information to enable us to prepare income & expenditure and capital accounts, if applicable.

1.4.5 You will keep us informed of material changes in circumstances that could affect the income, capital gains and inheritance tax liabilities of the trust/estate. If you are unsure whether the change is material, please tell us so that we can assess its significance.

1.4.6 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.

1.4.7 You will forward to us HMRC statements of account, copies of notices of assessment, letters and other communications received from HMRC by you in time to enable us to deal with them as may be necessary within the statutory time limits. Although HMRC have the authority to communicate with us 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.

1.4.8 If you carry on a business as trustees/executors and make supplies for VAT purposes, you are responsible for monitoring the 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 the UK VAT registration threshold is exceeded, and you would like us to assist in notifying HMRC of your liability to be VAT registered, we will be pleased to assist in the VAT registration process. Please notify us of your instructions to assist with 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, as a result, incur a late registration penalty. The same applies for equivalent non-UK taxes.

1.4.9 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.

1.4.10 You are reminded that, under the Trustee Act 2000, it is your responsibility to regularly review the trust investments and to have a clear investment policy.

## **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 2.3.1 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.