

## Schedule of Professional Services: VAT Returns

The purpose of this schedule to our engagement letter is to set out the basis on which we are to assist you in preparing, and the online filing of, your VAT returns using MTD for VAT.

### 1 Your responsibilities

1.1.

You will complete HM Revenue & Customs (HMRC) sign up process to enable submission of your VAT return.

1.2.

You are legally responsible for:

- a. ensuring that your VAT returns are complete and correct [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. making payment of tax on time.

Failure to do any of these may lead to automatic penalties and interest.

1.3.

Although we will submit the return online as your agent, this does not waive your legal responsibilities as outlined above. 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.

1.4.

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.

1.5.

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

- 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

1.6.

You will be responsible for maintaining digital records that generate an output suitable for sharing with us in order that we can prepare your MTD for VAT returns. 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. You will be responsible for calculating the figures needed for your VAT return, including any entries that may be required in relation to EC sales. You have agreed to provide these figures to us in time for us to be able to file the return to meet the filing deadline.

1.7.

You remain responsible for checking the VAT treatment of supplies you make (i.e. between positive and zero rates and exempt supplies), the deductibility of input VAT and the validity of supporting invoices unless you specifically request us in writing to carry out detailed review.

1.8.

In providing us with the figures you are confirming that the figures are complete, accurate and ready for online submission.

1.9.

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] [reviewed] 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 returns as soon as possible after the return period ends; we would ordinarily need a minimum of 14 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.

#### 1.10.

You will keep us informed of any changes in circumstances that might affect the VAT liability of your business. If you are unsure whether a change would affect your VAT liability then we will be happy to advise you.

#### 1.11.

You agree to forward to us HMRC statements of account, copies of notices of assessment, letters and any other communications you receive from HMRC in sufficient time for us to deal with them as necessary within the statutory time limits. Although HMRC have the authority to deal with us directly 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.

#### 1.12.

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.

#### 1.13.

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 to 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. Similarly, ad hoc queries by way of telephone and email enquires are not routine compliance and may result in additional fees.

#### 1.14.

If you are involved with any other business which is not registered for VAT, you are responsible for monitoring its monthly turnover to establish whether you are liable to register it for VAT. If you do not understand what you need to do, please ask us. If you exceed the UK VAT registration threshold, and you wish us to assist you in notifying HMRC of your liability to be VAT registered, 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. The same applies for equivalent non-UK taxes.

#### 1.15.

If you provide digital services to consumers in the EU, you are responsible either for registering for VAT in that member state, or for registering for VAT Mini One Stop Shop (MOSS) in the UK.

#### 1.16.

If EC Sales Lists need to be completed, you are responsible for obtaining all of your customers' VAT registration numbers in other member states and to check with HMRC any numbers that you are not completely satisfied with.

## 2 Our responsibilities

### 2.1.

We will sign you up for MTD for VAT using the authorisation we already have to act as your agent or subject to your completion of the process to authorise us as your agent. This may result in changes that may include changes to deadlines.

### 2.2.

We have agreed to [keep all records to meet the digital record-keeping requirements of MTD for VAT based on data that you provide to us and prepare your MTD for VAT returns, using the digital records that you maintain.

### 2.3.

We will prepare your UK VAT on the basis of the information and explanations supplied by you.

### 2.4.

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.

### 2.5.

Where applicable to your business, we will calculate the partial exemption annual adjustment and the annual Capital Goods Scheme adjustment.

### 2.6.

We have no responsibility whatsoever to check or otherwise review the figures you provide. However if you would like us to do a review then we will be pleased to arrange that with you. There will be an additional charge for this, which we will agree with you prior to carrying out any work.

### 2.7.

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

### 2.8.

We will submit the MTD for VAT return data online to HMRC [after the data to be included therein has been approved by you] [on the basis of the data provided by you].

### 2.9.

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

### 2.10.

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

2.11.

We will also provide such other VAT ad hoc and advisory services as may be agreed from time to time. These services may be the subject of a separate engagement letter. We will discuss and agree our fee for such work when it is commissioned by you.

2.12.

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

2.13.

Since 17 July 2013 a General Anti-Abuse Rule has been in operation in the UK. This rule enables HMRC to further tackle abusive tax planning schemes. Due to the low probability of eventual success of such schemes and the high ethical standards of this firm, it is our policy not to advise on tax schemes that we consider to be artificial or aggressive in nature. Please let us know if you would like to discuss this matter further or if you feel that you are disadvantaged in any way by the firm's policy on tax avoidance.

### **3. Limitation of liability**

We have discussed with you the extent of our liability to you in respect of the professional services described within this engagement letter (the professional services). Having considered both your circumstances and our own, we have reached a mutual agreement that £2.75 million represents a fair maximum limit to our liability.

In reaching this agreement it is also agreed that:

- In the event of any claim for loss or damage arising from the professional services, you have agreed that the sum of £2.75 million represents the maximum total liability to you in respect of the firm, its principles, and staff. This maximum total liability applies to any and all claims made on any basis and therefore includes any claims in respect of breaches of contract, tort (including negligence) or otherwise in respect of the professional services and shall also include interest; and
- We confirm that the limit in respect of our total aggregate liability will not apply to any acts, omissions or representations that are in any way criminal, dishonest or fraudulent on the part of the firm, its principles, or employees.

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