

SCHEDULE F

TRUSTS AND ESTATES TAX RETURNS

This schedule should be read in conjunction with the engagement letter and the terms of business.

1. RESPONSIBILITIES AND SCOPE FOR TRUST AND ESTATE TAX RETURN SERVICES

1.1 Recurring compliance work

1.1.1 We will prepare:

- a) the trust's/estate's 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 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 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 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 1.5.1)

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 We will register the trust along with details of settlors, trustees and beneficiaries on the trust register maintained by HMRC using the information provided by you.
- 1.1.10 We will update or confirm that no change is required to the details of settlors, trustees and beneficiaries on the trust register maintained by HMRC using the information provided by you
- 1.2 Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS)**
- 1.2.1 International Tax Compliance (United States of America) Regulations 2014 require the trust to determine whether it is a Financial Institution (FI) or a passive or active Non-Financial Foreign Entity (NFFE). If the trust is a Financial Institution, it must register with the US Internal Revenue Service (IRS) and file annual returns with HMRC.
- 1.2.2 Similar arrangements have or will come into force with more than 90 other countries. This is, or will be, based on Common Reporting Standards (CRS).
- 1.2.3 You will be solely responsible for compliance with the International Tax Compliance (United States of America) Regulations 2013 as a result of the USA Foreign Account Tax Compliance Act (FATCA).
- 1.2.4 You will be responsible for compliance with these regulations and any obligations arising from the Common Reporting Standards, including the initial categorisation, registration of the trust with the IRS (or other applicable authority) and the filing of annual returns with HMRC.
- 1.3 Excluded, ad hoc and advisory work**
- 1.3.1 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. 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 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;]
 - b) advising you of the occasions of charge to inheritance tax, the basis of the charge and when the tax liability is due for payment;
 - c) advising on ad hoc transactions (for example the sale of assets held by the trust/estate)]
 - d) preparing inheritance tax returns;
 - e) dealing with any enquiry opened into the trust’s/estate’s tax returns by HMRC; and
 - f) dealing with any enquiries and/or assessments raised by HMRC in relation to inheritance tax.

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

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

1.4.1 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.

1.4.2 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.

1.5 Your responsibilities

1.5.1 As trustees/executors you have legal responsibility for:

- a) ensuring that the trust's/estate's 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.

1.5.2 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.

1.5.3 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.

1.5.4 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's/estate's taxation affairs; we will rely on the information being true, correct and complete and will not audit the information;
- c) to provide all information necessary for dealing with the trust's/estate's registration and updates on HMRC's trust register, eg details of settlors, beneficiaries and trustees; we will rely on the information being true, correct and complete and will not audit the information;
- d) to advise us of distributions made within 30 days of such an event;
- e) 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;

- f) to authorise us to approach such third parties as may be appropriate, for information that we consider necessary to deal with the trust's/estate's taxation affairs;
 - g) to provide us with information in sufficient time for the trust's/estate's self-assessment tax returns to be completed and submitted by the due date
 - h) to provide us with information in sufficient time for the trust's/estate's inheritance tax returns to be completed and submitted by the due dates; and
 - i) 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]
- 1.5.5 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.
- 1.5.6 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.
- 1.5.7 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.
- 1.5.8 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.
- 1.5.9 Where you are importing relevant goods into the EU to be supplied to non-taxable persons (final destination of 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 Members State of importation.
- 1.5.10 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).

- 1.5.11 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.
- 1.5.12 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.
- 1.5.13 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.