

## SCHEDULE E

### PERSONAL TAX – INDIVIDUALS, SOLE TRADERS AND COUPLES

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

#### 1. RESPONSIBILITIES AND SCOPE FOR PERSONAL TAX SERVICES

##### 1.1 Recurring compliance work

1.1.1 We will prepare your self-assessment tax returns 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 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.

1.1.3 We will compute your property letting income and expenditure in accordance with the accruals election that you have made] from the books, accounting records and other information and explanations provided to us by you or by others on your behalf.

1.1.4 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.

1.1.5 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.

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

1.1.7 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: 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:

- l) ensuring that your self-assessment tax and CGT on UK [residential] property returns are correct and complete;
- m) filing any returns by the due date; and
- n) 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 due date following the end of the tax year, if feasible, we may agree to complete your return within a shorter period but may charge an additional fee.

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 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, 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.
- 1.4.8 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 UK VAT registration threshold and you wish us to assist you in notifying HMRC of your liability to be VAT registered, we will be pleased to assist you in the VAT registration process. You should notify us of your instructions to assist in your 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 you exceed the VAT registration threshold in force at that time. 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 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.
- 1.4.10 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).
- 1.4.11 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.
- 1.4.12 You are responsible for employment taxes, pensions (including auto-enrolment) and the assessment of the employment status of your workers including domestic staff. 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 You and your spouse/partner

- 1.5.1 We will advise you and your spouse/partner on the basis that you are a family unit. You both agree that, in all matters relating to your or your spouse's/partner's tax and financial affairs, we may deal directly with either of you and we may discuss with either of you the tax liabilities and/or financial affairs of the other. This will help us to streamline our service to you and enable us, for example, to ascertain high income child benefit charge, transferrable marriage allowance, and CGT base costs of assets disposed of which have been transferred between you, where applicable. If you wish to make any change to these arrangements at any time, please let us know.
- 1.5.2 In order for us to act for you as a couple in respect of a joint claim, you undertake that all instructions, information or explanations that either of you gives us will be on behalf of both of you, unless you specifically tell us otherwise. Similarly, if one of you signs a document, it will be on behalf of you both unless you instruct us to the contrary. If a conflict of interest should arise between you in relation to any matter to do with your joint claim or entitlement, we reserve the right to cease acting for both of you, or to advise one or other of you to obtain independent advice.