

SCHEDULE L(A)

VAT RETURNS

This schedule should be read in conjunction with the engagement letter and the terms of business. This schedule does not replace the existing schedule on payroll services but should be read in addition to them.

1. OUR RESPONSIBILITIES AND SCOPE FOR VAT RETURN SERVICES

1.1 Recurring compliance work

- 1.1.1 We will prepare or review your monthly or quarterly annual UK VAT returns on the basis of the information and explanations supplied by you.
- 1.1.2 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.
- 1.1.3 Where appropriate we will include import VAT from any digital import certificates (postponed VAT accounting) and/or C79s we receive from you.
- 1.1.4 Where appropriate, we will calculate the partial exemption annual adjustment.
- 1.1.5 Where appropriate, we will calculate the annual Capital Goods Scheme adjustment.
- 1.1.6 We will forward to you the completed return calculations for you to review, before you approve the UK VAT return for onward transmission to HMRC.
- 1.1.7 Where you are invoice (accruals) accounting for income tax, we will perform an annual reconciliation of VAT outputs to turnover.
- 1.1.8 Ad hoc queries by way of telephone and email enquiries are not routine compliance and may result in additional fees. As indicated below, where appropriate we will aim to discuss and agree additional fees but it may not always be possible to agree these in advance and we reserve the right to charge you an additional fee for these queries.

1.2 Ad hoc and advisory services

- 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) reconciling VAT outputs with turnover;
 - b) advising on ad hoc transactions;
 - c) reviewing and advising on a suitable partial exemption method to use in preparing the return;
 - d) dealing with all communications relating to your UK VAT returns addressed to us by HMRC or passed to us by you;
 - e) processing import and export declarations including deferred import entries that require postponed VAT accounting (at present we assume that these will be handled by you or your customs agent);
 - f) making recommendations to you about the use of cash accounting, annual accounting, flat-rate and other suitable methods of accounting for VAT;

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- g) making recommendations to you about the use of the non-union MOSS (mini one-stop shop) scheme if you supply digital services to consumers in the EU;
- h) making recommendations to you about the use of the VAT One Stop Shop (OSS) non-union scheme and/or the VAT Import One Stop Shop (IOSS) with effect from 1 July 2021 if you supply relevant services or goods to consumers in the EU;
- i) advice on the VAT liability for consumers outside the UK;
- j) providing you with advice on VAT; and
- k) advising on time to pay arrangements or deferral of payment

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 or 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 returns are correct and complete;
- b) filing any returns by the due date; and
- c) paying VAT on time.

Failure to do any of these may lead to penalties, surcharges and/or interest.

1.4.2 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.

1.4.3 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;
- b) that you are responsible for ensuring that the information provided is, to the best of your knowledge, accurate and complete; the returns are prepared or reviewed solely on the basis of the information provided by you and we accept no responsibility for any VAT liabilities arising due to inaccuracies or omissions in 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 monthly or quarterly returns as soon as possible after the return period ends. If the records are provided later or are incomplete or unclear, thereby delaying the preparation, review 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; and

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- e) to inform us that you have made the tax payment based on your calculated return.
- 1.4.5 You will keep us informed of material changes in circumstances that could affect your VAT obligations. If you are unsure whether the change is material or not please tell us so that we can assess its significance.
- 1.4.6 If you are voluntarily registered for VAT we will discuss with you to decide whether it is appropriate for you to enter Making Tax Digital for VAT. Even if you decide to remain outside of Making Tax Digital for VAT, you are still responsible for monitoring your taxable turnover. When your taxable turnover exceeds the VAT registration threshold you will have to start to comply with Making Tax Digital for VAT and we will issue an updated engagement letter.
- 1.4.7 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.
- 1.4.8 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 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.
- 1.4.9 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.
- 1.4.10 If you are involved with any other business which is not registered for VAT, 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, 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.
- 1.4.11 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 the OSS non-union scheme in a Member State.
- 1.4.12 With effect from 1 July 2021, if you provide relevant services or goods to consumers in the EU you are responsible for either registering for VAT in that Member State or registering for the OSS and/or IOSS non-union scheme in a Member State.