

## SCHEDULE L(GB)

### VAT RETURNS (MAKING TAX DIGITAL (MTD) FOR VAT)

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 Initial registration

- 1.1.1 We will sign you up for MTD for VAT. By instructing us to sign up on your behalf you are agreeing to HMRC's terms of use. This may result in changes that may include changes to deadlines. You will complete HMRC's sign up process to enable submission of your VAT return
- 1.1.2 You will need to authorise us as an agent on the HMRC portal using your Business Tax Account. This is completed online, and you will need your relevant official gateway ID. This authorises HMRC to communicate with us as your agent, although they consider that you should still take 'reasonable care' over your tax affairs.

##### 1.2 Recurring compliance work

- 1.2.1 We will prepare your MTD for VAT returns on a monthly/quarterly/annual basis.
- 1.2.2 We will keep all accounting records to meet the digital record keeping requirements of MTD for VAT. You must ensure that the data provided to us is complete and accurate.
- 1.2.3 We will not check the digital accounting records which you keep to meet the requirements of MTD for VAT and which you provide to us for preparation of the MTD for VAT returns. You may be required to provide us with your data digitally and we will tell you if/ when that is the case. 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. Where your digital records are incompatible with our software, we may require an additional fee. You must also provide us with confirmation that your digital records are complete and accurate.
- 1.2.4 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.
- 1.2.5 Where appropriate, we will include import VAT from any digital import certificates (postponed VAT accounting) and/or C79s we receive from you.
- 1.2.6 Where appropriate, we will calculate the partial exemption annual adjustment.
- 1.2.7 Where appropriate, we will calculate the annual Capital Goods Scheme adjustment.

- 1.2.8 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 with 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.
- 1.2.9 We will advise you of any relaxations applicable in relation to the digital records of supplies made and received.
- 1.2.10 We will submit the MTD for VAT return data online to HMRC on the basis of the data provided by you
- 1.2.11 We will agree with you any supplementary information to be submitted on a voluntary basis with the MTD for VAT returns prior to submission.
- 1.2.12 Where you are invoice (accruals) accounting for income tax, we will perform an annual reconciliation of VAT outputs to turnover.
- 1.2.13 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.

### 1.3 Ad hoc and advisory services

- 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. 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 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 are 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;
  - g) making recommendations to you about the use of the VAT One Stop Shop (OSS) Union and/or non-Union schemes and/or the VAT Import One Stop Shop (IOSS) if you supply services or goods to consumers in the EU;
  - h) advising on the VAT liability of supplies of goods or services to consumers outside Great Britain;
  - i) providing you with advice on VAT Excise Duty/Customs Duty/Landfill Tax/Insurance Premium Tax/Aggregates Levy/Climate Change Levy;
  - j) work required to rectify the position where your software is incompatible with our software; and

k) reviewing your record keeping processes and providing advice on potential improvements to enable compliance with the MTD for VAT requirements, including digital links for the transfer of data between different software.

Where the advice is provided in writing, the information that you have provided to us and the query raised will be set out with our response to you.

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 or 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 You are legally responsible for:

- a) ensuring that your returns are correct and complete [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) paying VAT on time.

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

1.5.2 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.

1.5.3 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 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

We have also agreed that you will provide the following:

- 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

1.5.5 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 [monthly] [quarterly] [annual] 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 but may charge an additional fee.
- e) to inform us that you have made the tax payment based on your calculated return.

1.5.6 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.

1.5.7 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 has the authority to communicate with us 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 and, in most cases, will not do so.

1.5.8 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.

- 1.5.9 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 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.
- 1.5.10 If you provide digital or any other services to consumers in the EU, you are responsible for either registering for VAT in the Member State in which the supply takes place or registering for the OSS (non-Union scheme).
- 1.5.11 If you import goods from third countries into the EU of a value not exceeding €150 (excluding certain goods) for sale to a non-taxable person in the EU (destination country), you can use the IOSS scheme. The IOSS can also be used for supplies from GB of low value goods to consumers in Northern Ireland.
- 1.5.12 If you supply goods to non-taxable persons within the EU (eg France to Germany) then you will have to register in the Member State of destination (there is no de minimis threshold) or use the OSS Union scheme to declare the VAT due.