

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 or estate's self-assessment tax returns, together with any supplementary pages required;
 - b) any 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 or 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 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 or 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 or 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 30 days of sale completion, please see para 1.5.1).

1.1.7 If the terms of the trust or 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 of and report specified information about the trust to HMRC.

If the trust or estate is not already registered on HMRC's trust register

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. Provided the necessary information is supplied by the date agreed we will register the trust along with the appropriate details within the time limits required.

SCHEDULE F
TRUSTS AND ESTATES TAX RETURNS

If the trust or estate is already registered on HMRC's trust register

- 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. Provided that the necessary information is supplied by the date agreed we will update/confirm the appropriate details on HMRC's trust register within the time limits required.

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 We will assist you with your responsibilities under 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 We will assist with the categorisation of the trust into either a Financial Institution (FI) or a Non-Financial Foreign Entity (NFFE) that is either passive or active.
- 1.2.5 If the trust is determined to be a Financial Institution, we can assist to ensure that the trust has adequate systems to identify beneficiaries that are foreign citizens (either US or other countries under Common Reporting Standards (CRS)), who are or who may become beneficiaries to whom payments may be made. We can also assist you with the initial online registration with the IRS.
- 1.2.6 You agree to provide us sufficient information to enable the annual return to HMRC to be accurately completed. You must provide us with all the information that we may require from time to time to enable us to advise you properly, and the provision of adequate systems shall always remain your ultimate responsibility.

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 you of the occasions of charge to inheritance tax, the basis of the charge and when the tax liability is due for payment;
 - b) advising on ad hoc transactions (for example the sale of assets held by the trust or estate);
 - c) preparing inheritance tax returns;
 - d) dealing with any enquiry opened into the [trust's] [estate's] tax returns by HMRC; and
 - e) 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.

SCHEDULE F
TRUSTS AND ESTATES TAX RETURNS

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 or executors you have legal responsibility for:

- a) ensuring that the trust's or estate's tax returns are correct and complete;
- b) filing any returns by the due date; and
- c) paying tax on time.

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 or Executors you agree to check that 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 or 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 or 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 or estate's taxation affairs;
- g) to provide us with information in sufficient time for the trust's or estate's self-assessment tax returns to be completed and submitted by the due date following the end of the tax year; to do this, we need to receive all relevant information promptly if feasible;
- h) to provide us with information in sufficient time for the trust's or estate's inheritance tax returns to be completed and submitted by the due dates; and
- i) to provide us with records of receipts and payments, records of invoices issued & received, and all other information to enable us to prepare income & expenditure and capital accounts.

SCHEDULE F
TRUSTS AND ESTATES TAX RETURNS

- 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 or 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. This authorises HMRC to communicate with us as your agent, although they consider that you should still take 'reasonable care' over your tax affairs.
- 1.5.7 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 or 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 If from 1 July 2021 you supply relevant services or goods to consumers in the EU, you are responsible for registering for VAT in each EU member state where you have a domestic customer or for registering in one EU member state to use the One Stop Shop (OSS) and/or the Import One Stop Shop (IOSS) non-union schemes (i.e. the EU schemes for taxable persons not established in the EU).
- 1.5.10 You are responsible for employment taxes, pensions (including auto-enrolment) and the assessment of the tax status of your workers. If your business is not small, you are responsible for assessing the tax 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.
- 1.5.11 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.