

## SCHEDULE I CORPORATION TAX

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

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

#### 1.1 Recurring compliance work

- 1.1.1 For the purpose of the delivery of the company's tax return, we will use commercial software to apply iXBRL tags to items in the accounts as we consider appropriate for the purposes of submission of the accounts in iXBRL via the relevant official gateway for tax purposes.
- 1.1.2 We will, to the extent we consider necessary, manually amend or apply tags if the software has not applied automatic tagging or if we consider any automatic tagging to have been inappropriate.
- 1.1.3 We will provide you with detailed information about the tagging applied for your approval if requested to do so.
- 1.1.4 We will prepare the company's corporate tax self-assessment (CTSA) return. After obtaining your evidenced approval and signature, we will submit it to HM Revenue & Customs (HMRC). We shall not accept liability for any financial penalty or loss or other damage arising from any rejection of the iXBRL return by HMRC or otherwise as a result of incorrect or inappropriate tagging.
- 1.1.5 We will prepare the corporation tax computation and supporting schedules required for preparation of the company tax return from accounts, information and explanations provided to us on your behalf.
- 1.1.6 We will tell you how much tax the company should pay and when. Where appropriate, we will initiate repayment claims when tax has been overpaid. We will advise on the interest and penalty implications if corporation tax is paid late.
- 1.1.7 We will inform you if instalment payments of corporation tax are due for an accounting period, and the dates they are payable. By the date agreed, we will calculate the quarterly instalments which should be made on the basis of information supplied by you.
- 1.1.8 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.
- 1.1.9 The work carried out within this engagement will be in respect of the company's tax affairs. Any work to be carried out for the directors on a personal basis will be set out in a separate letter of engagement.

## 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 you on ad hoc transactions (for example the sale or purchase of assets);
- b) advising you when corporation tax is due on loans by the company to directors or shareholders or their associates, and calculating the payments due or the amount repayable when the loans are repaid;
- c) advising you on and preparing enhanced expenditure claims and reliefs, including those relating to research and development;
- d) advising you on, and preparing analyses of, expenditure and detailed capital allowance claims for renovation of buildings;
- e) preparation and submission of a group allocation allowance statement in relation to losses carried forward by a group of companies;
- f) preparation and submission of a corporate interest restriction return;
- g) assistance with country-by-country reporting notifications, senior accounting officer reporting obligations, and the company tax strategy document;
- h) dealing with any enquiry, information request, inspection, compliance check or other intervention opened into the company's corporate tax affairs by HMRC; and
- i) preparing any amended returns which may be required, calculating any related tax liabilities and corresponding with HMRC as necessary.

1.2.2 For personal service companies, or where you are engaging with a personal service company. 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) helping you determine deemed employment status under IR35 rules for work undertaken for clients by the company (subject to 1.2.3 below)
- b) where deemed employment status under the IR35 rules applies to work undertaken for clients by the company, calculating the deemed employment payment and accounting through payroll to HMRC for the tax and NIC etc;
- c) where the off-payroll working rules apply and your company pays deemed employees' personal service companies, accounting via payroll for tax and NIC etc on the payments;
- d) where you have contractors working for you via their own personal service companies, helping you to determine whether you are "small" under the off-payroll working rules and, if you are large or medium sized, helping you to determine the deemed employment status of those contractors (subject to section 1.2.3 below) and assist you in preparing employment status determination statements to give to labour supply agencies and those contractors;

1.2.3 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 Even though you are engaging us to help you meet your corporation tax obligations, the directors on behalf of the company are legally responsible for:
- a) ensuring that the CTSA return (including iXBRL tags and iXBRL file) and any other returns submitted 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.
- 1.4.2 Legal responsibility for approval of the return cannot be delegated to others. You agree to check that returns that we have prepared for the company 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) to provide us with approved accounts for the company;
  - b) that all returns are to be made on the basis of full disclosure of all sources of income, charges, allowances and capital transactions;
  - c) to provide full information necessary for dealing with the company's affairs; we will rely on the information and documents being true, correct and complete and will not audit the information or those documents;
  - d) to authorise us to approach such third parties as may be appropriate, for information that we consider necessary to deal with the company's affairs;
  - e) to provide us with information in sufficient time for the company's CTSA 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;

- f) to provide information on matters affecting the company's tax liability for the accounting period in respect of which instalments are due at least four weeks before the due date of each instalment; this information should include details of trading profits and other taxable activities up to the date the information is provided, together with estimates to the end of the accounting period; and
  - g) to provide us with information on advances or loans made to directors, shareholders or their associates during an accounting period and any repayments made or write-offs authorised within three months of the end of the relevant accounting period.
- 1.4.5 You will keep us informed of material changes in circumstances that could affect the tax liabilities of the company. If the directors 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.
- 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 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 the monthly turnover to establish whether the company is liable to register for VAT, if it is not already registered. If you do not understand what you need to do, please ask us. If the company turnover exceeds the VAT registration threshold, and you wish us to assist in notifying HMRC of the company's obligation to be VAT registered, we will be pleased to assist in the VAT registration process. You should notify us of your instructions to act in relation to the company's 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 current VAT registration turnover threshold was exceeded. We will not be responsible if we are not notified in time and a late registration penalty is incurred.
- 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. 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 Personal service company

1.5.1 We shall help you to determine deemed employment status under the IR35 rules for work undertaken for clients by the company.

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

## 1.6 Groups and consortia

1.6.1 In relation to groups and consortia of which your company is a member, and in respect of which you have instructed us to act, if instructed, we will provide the following additional services:

- a) we will advise on the tax treatment of intra-group payments of dividends, interest and royalties and similar liabilities.
- b) in respect of dividends, interest, and royalties received, we will advise on the applicability of the relevant double-tax treaty to the withholding tax rate and assist with obtaining a UK certificate of tax residence. For dividends, we will make any necessary election to tax the dividends in the UK in order to obtain treaty relief.

1.6.2 We will deal with all communications relating to elections addressed to us by HMRC.

1.6.3 If instructed, in respect of claims for group and consortium relief:

- a) we will advise as required on claims for group and consortium relief and the interaction with other reliefs;
- b) we will prepare and submit to HMRC appropriate claims;
- c) we will adjust corporation tax computations and returns to reflect the surrender and receipt of group and consortium reliefs;
- d) we will prepare and submit to HMRC necessary documentation regarding the allocation of losses via group relief and the annual loss allowance;
- e) we will advise on arrangements for the payment of tax and the surrender and set-off of tax refunds within the group; and
- f) we will advise on claiming eligible unrelieved foreign tax (EUFT) or the surrender of any amount of EUFT.

- 1.6.4 If instructed, in respect of intragroup payments of interest:
- a) we will advise on withholding tax obligations;
  - b) for cross-border payments we will prepare and submit to HMRC applications to account for no or a reduced amount of withholding tax under the EU Interest and Royalty directive and double-tax treaties, as applicable;
  - c) where withholding tax is due, we will complete form CT61 and advise on payment; and
  - d) we will adjust corporation tax computations and returns to reflect interest payments and associated withholding tax, if any.
- 1.6.5 If instructed, in respect of intragroup payments of royalties and similar liabilities:
- a) we will advise on withholding tax obligations;
  - b) where withholding tax is due, we will complete form CT61 and advise on payment;
  - c) we will adjust corporation tax computations and returns to reflect royalty and similar payments and associated withholding tax, if any, and make such additional disclosures in form CT600-H as are appropriate.]

#### **Your responsibilities**

- 1.6.6 If a parent company is required to prepare both individual and group accounts, and it is required to file both of these as part of its online company tax return, you accept full responsibility for the existence, accuracy, consistency and completeness of iXBRL tagging within the accounts and to file the individual accounts as an iXBRL document with the relevant iXBRL tags embedded.
- 1.6.7 Where applicable, we will need to be authorised to contact other group member accountants to ensure that all necessary information and explanations are available. It is the responsibility of the parent company directors to ensure that such information and explanations are correct and complete.