

Carpenter Keen LLP

Standard Terms of engagement – VAT

The purpose of this document is to set out the basis on which we will be carrying out work for you. It also explains areas that will be our responsibility and areas that will be your responsibility. The terms assume your agreement to our standard terms of business, available on our website.

As this document sets out the terms of a legal contract between you and us it is important that you read it carefully. Please do not hesitate to contact us if you would like further explanation of any of the terms.

We are bound by the ethical guidelines of the professional body we are regulated by. We accept the instruction to act for you on the basis that we will act in accordance with those guidelines. Please refer to our terms of business for further information.

1 Value added tax (VAT)

Purpose

- 1.1 The purpose of our work is to assist you in meeting your obligations with regard to VAT, including the filing of VAT returns.

What we agree to do and be responsible for

- 1.2 We will prepare your VAT returns on the basis of the accounting records, information and explanations supplied by you.
- 1.3 We will send you a VAT return summary for you to check and approve prior to us sending the return to HM Revenue & Customs.
- 1.4 You authorise us to file the return online once we have received your approval of the figures. When we submit the return online we are doing this on your behalf as your agent. Therefore, we will not submit the return online until we have received your confirmation of having reviewed the entries to be made on the return, and that you consider the return to be complete, accurate and ready for online submission.
- 1.5 We will tell you how much VAT you should pay and when. We will advise you where VAT has been overpaid, and where possible take steps to initiate repayment. If VAT is to be paid late we will advise you on the interest and penalty implications.
- 1.6 If it is applicable to your business, we will calculate and advise you of the partial exemption annual adjustment.
- 1.7 If it is applicable to your business, we will calculate and advise you of the annual Capital Goods Scheme adjustment.
- 1.8 We will also provide such other VAT ad hoc advisory services as may be agreed from time to time. These may be the subject of a separate engagement letter. We will discuss and agree our fee for such work when it is commissioned by you.
- 1.9 Where specialist advice is required in certain areas we may need to seek this form or refer you to appropriate specialists.

- 1.10 Since 17 July 2013 a General Anti-Abuse Rule has been in operation in the UK. This rule enables HM Revenue & Customs to further tackle abusive tax planning schemes. Due to the low probability of eventual success of such schemes and the high ethical standards of this firm, it is our policy not to advise on tax schemes that we consider to be artificial or aggressive in nature. Please let us know if you would like to discuss this matter further or if you feel that you are disadvantaged in any way by the firm's policy on tax avoidance.

What you agree to do and be responsible for

- 1.11 You agree to provide us with all the records relevant to the preparation of your VAT return as soon as possible after the return period ends. We ordinarily require at least seven days before the submission date to carry out our work. If the preparation or filing of your VAT return is delayed because the records are provided later than we require, or are otherwise incomplete or unclear, we accept no responsibility for any penalties that may be charged.
- 1.12 If some exception means that you are unable to provide records within the timeframe above, please contact us as soon as possible. If it is feasible we may agree to still carry out the work so as to allow the submission deadline to be met. Please be aware that we may charge an additional fee for doing rush work.
- 1.13 You are legally responsible for:
- (a) ensuring that your VAT returns are complete and correct;
 - (b) filing any returns by the due date; and
 - (c) making payment of tax on time. Failure to do this may lead to automatic penalties and interest.
- 1.14 Although we will submit the return online as your agent, this does not waive your legal responsibilities as outlined above.
- 1.15 You are entirely responsible for the payment of any VAT, including any interest or penalties. Since your VAT return is submitted online you are required to make payment by electronic means. We will advise you of the amounts due for payment, however it is your responsibility to arrange and make payment. Please note that penalties may apply where payments are not made by the due date.
- 1.16 You agree that all VAT returns are to be made on the basis of full disclosure.
- 1.17 You are responsible for ensuring that information you give us is, to the best of your knowledge, complete and accurate. The VAT returns we prepare are based on information you provide us with, so we accept no responsibility for any VAT liabilities, penalties or interest that arises due to inaccuracies or omissions in information we are provided with.
- 1.18 You agree that we can approach third parties as may be appropriate for information we consider necessary to deal with the VAT returns.
- 1.19 You will keep us informed of any changes in circumstances that might affect the VAT liability of your business. If you are unsure whether a change would affect your VAT liability, then we will be happy to advise you.
- 1.20 You agree to forward to us any communications related to VAT you receive from HM Revenue & Customs in time for us to deal with them as necessary within any time limits. Although HM Revenue & Customs have the authority to deal with us directly, it is still possible for them to contact you without us being aware.

- 1.21 You are responsible for bring to our attention any errors, omissions or inaccuracies in your VAT returns you become aware of after they have been filed. We will then assist you to make a voluntary disclosure.
- 1.22 If you are involved with any other business that is not VAT registered then you are responsible for monitoring its monthly turnover to determine whether or not you are liable to register it for VAT. If registration becomes necessary and you would like our assistance in this, please do not hesitate to contact us. Please be aware that there are penalties for late registration.
- 1.23 If you have EC Sales Lists that need to be completed, you are responsible for obtaining the VAT registration numbers of all your customers in other member states. You are also responsible for checking with HM Revenue & Customs on any you are not completely satisfied with.

2 Work that is not part of this engagement

- 2.1 (Limited company clients). The work carried out within this engagement relates only to the company's affairs. Any work we are instructed to carry out for the directors on a personal basis will be set out in a separate letter of engagement.
- 2.2 There are many areas of accountancy and tax that may apply to you/the company. However, for the sake of clarity, unless it is agreed separately:
- (a) We will not become involved in your/the company's PAYE system or to complete any PAYE year end returns.
 - (b) We will not become involved in operating the Construction Industry Scheme for any subcontractors you/the company may engage.
 - (c) We will not become involved with auto enrolment. You are therefore responsible for finding a pension provider, identifying eligible employees and administering auto enrolment.
 - (d) We will not become involved in your/the company's tax affairs.
 - (e) We will not become involved in the preparation of your/the company's accounts.
- 2.3 We are able to offer advice and assistance in all these areas so if you would like any help then please do not hesitate to contact us.
- 2.4 We are also able to offer assistance in many other areas and would be glad to discuss any matters with you. These other services include:
- (a) reports in support of returns or claims, e.g. insurance company certificates, government claims;
 - (b) advice on financial matters;
 - (c) management accounting, including cash flow statements, costing systems and advice to management;
 - (d) advice on the selection and implementation of computer systems;
 - (e) investigations for special purposes, e.g. business performance analysis or business acquisitions; and
 - (f) advice on the selection and recruitment of staff.

3 Other matters

Changes in the law

- 3.1 We will not accept responsibility if you act on advice previously given by us without first confirming with us that the advice is still valid in light of any change in the law or the company's circumstances.
- 3.2 We will accept no liability for losses arising from changes in the law or the interpretation thereof that occur after the date on which the advice is given.