

# Engagement letter – Specific terms for services

**Date: 25 May 2018**

## **7 Personal Tax Return**

### **7.1 Self Assessment Tax Return**

- 7.2 If requested, we will prepare the income and expenditure account of your business and the income tax computations based thereon from your accounting records and other information and explanations provided by you. We will not carry out an audit of those records.
- 7.3 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.
- 7.4 Where you are involved in other businesses, you are responsible for monitoring your total combined turnover for VAT purposes and also the potential liability of another business to charge VAT should you, as an individual, become registered. ***It is vital to understand that if an individual is VAT registered, then income from all business are relevant for considering the VAT position.***
- 7.5 We will prepare your personal tax return together with such supporting schedules as are appropriate and we will prepare HM Revenue and Customs' calculation of your self-assessment of tax and Class 4 national insurance contributions.
- 7.6 We will send you your tax return for you to approve and sign. We will then submit it with the accounts and computations to HM Revenue and Customs. You authorise us to file the return electronically.
- 7.7 We will tell you how much tax and national insurance contributions you should pay and when.
- 7.8 We will deal with HM Revenue and Customs regarding any amendments required to your return and prepare any amended returns, which may be required.
- 7.9 We will deal with all communications relating to your return addressed to us by HM Revenue and Customs or passed to us by you. However, if HM Revenue and Customs choose your return for enquiry this work may need to be the subject of a separate assignment in which case we will seek further instructions from you.
- 7.10 We will check PAYE notices of coding where such notices are forwarded to us.

Agreed

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7.11 We will not prepare any separate Inland Revenue claim forms unless specifically requested to do so. Such work may incur additional fees which will be agreed in advance.

**7.12 Your responsibilities: provision of information by you**

7.13 You are legally responsible for making correct returns by the due date and for payment of tax on time. Failure to meet the deadlines may result in automatic penalties, surcharges and/or interest.

7.14 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 full information necessary for dealing with your affairs: we will rely on the information and documents being true, correct and complete and will not audit the information or those documents;
- (c) That we can approach such third parties as may be appropriate for information that we consider necessary to deal with your affairs;
- (d) To provide us with information in sufficient time for your tax return to be completed and submitted by the 31 January following the end of the tax year. In order that we can do this, we need to receive all relevant information by 31 October. You have asked us to submit your self-assessment tax return by 30 September following the end of the tax year so that HM Revenue and Customs calculate your tax liability and notify you of your 31 January balancing payment [and code out the first £2,000 of any underpayment]: in order to meet this date, you agree to provide us with all relevant information by 31 July;
- (e) To forward to us on receipt copies of all Inland Revenue statements of account, PAYE coding notices, notices of assessment, letters and other communications received from HM Revenue and Customs to enable us to deal with them as may be necessary within the statutory time limits; and
- (f) To keep us informed about significant changes in your circumstances if they are likely to affect your tax position.

**7.15 Responsibilities for making tax credit claims**

7.16 The government has used the tax system to introduce a number of new Social Security benefits. The Child Tax Credit applies to anyone with children and an income over a lower earning threshold.

7.17 Tax Credits need to be claimed. They are not paid automatically. Furthermore, a claim cannot be backdated by more than three months. This causes a potential problem in relation to Child Tax Credit, as the income is based on the income for the tax year. Accordingly, even if your income is normally over the lower threshold, if you have

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children it may be sensible to put in a protective claim as your circumstances may change unexpectedly.

- 7.18 We can file a claim for you as part of our existing package of tax compliance work, for an additional fee to be agreed in advance.

Agreed