

PART 2 E-B – PERSONAL TAX – INDIVIDUALS, SOLE TRADERS AND COUPLES IN MTD INCOME TAX

SCHEDULE OF SERVICES

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

1 RESPONSIBILITY AND SCOPE FOR PERSONAL TAX SERVICES

1.1 Initial registration

- 1.1.1 [We will sign you up for Making Tax Digital for income tax (MTD income tax). By instructing us to sign up on your behalf you are agreeing to HMRC's terms of use which includes deadlines and associated penalties.] [You will complete HMRC's sign up process for Making Tax Digital for income tax (MTD income tax) to enable submission of your quarterly updates and year-end tax returns].
- 1.1.2 **For new income tax clients joining MTD income tax where traditional self assessment services will not be provided.** [We will initiate the process for you to authorise us with HMRC as your agent. We will send you an email with a link to complete the authorisation process. You will need to use that link to authorise us as an agent on the HMRC portal using your HMRC sign in credentials. If you do not have HMRC sign in credentials you can create these as part of the process. This authorises HMRC to communicate with us as your agent, although you remain legally responsible for your tax affairs.]

The new authorisation process initiated from the agent services account is for new income tax clients that are joining MTD income tax where you will not be providing traditional self assessment services. It is not necessary to re-authorise existing clients for MTD income tax. For new clients in MTD income tax where you are also providing traditional self assessment services for earlier years, you should use the current self assessment authorisation processes. If your agent services account is linked to the your HMRC online services for agents portal (see guidance on [Signing up for MTD income tax](#)) self assessment authorisations will be recognised for MTD income tax purposes.

1.2 Recurring compliance work

You will need to agree with the client whether the client is keeping the digital records required for MTD income tax or whether you are dealing with this aspect, or whether responsibility is being shared. In addition, you will need to agree who is responsible for submitting quarterly updates for sole trade and property income. Alternative wording is included below and should be tailored to reflect the particular arrangements with the client.

- 1.2.1 [We will keep accounting records to meet the digital record-keeping requirements of MTD income tax based on the information and explanations provided to us by you or by others on your behalf. You must provide us with confirmation that the data provided to us is complete and accurate.]

OR

[Where you, or a third party, prepare or retain the records, we may need to confirm that the process for performing the digital record keeping is of an appropriate standard to meet the requirements of MTD income tax. You are required to provide the information that we may request to understand whether the digital record keeping requirements have been met. You must also provide us with confirmation that your digital records are complete and accurate. Where your digital records are incompatible with our software, we will agree with you an appropriate solution and this may require an additional fee.]

- 1.2.2 [We will prepare your digital accounting records on a [weekly/quarterly/monthly] **amend to reflect the pattern of work that you agree with your client** basis.]
- 1.2.3 [We will submit your MTD income tax quarterly updates to HMRC [after the data to be included therein has been approved]/[on the basis of the data provided] by you.]
- 1.2.4 At the year end, we will compute your taxable income from your sole trade(s) [on the cash basis] [in accordance with generally accepted accounting practice].
- 1.2.5 At the year end, we will compute your taxable property letting income and expenditure [on the cash basis] [in accordance with the accruals election that you have made].
- 1.2.6 We will prepare your year-end tax returns [including if you have been treated as a deemed employee under the IR35/off-payroll working rules] from the submitted quarterly updates and information and explanations that you, or a third party, provide to us.
- 1.2.7 We will check the calculation of your income tax, national insurance contributions (NIC) and any capital gains tax liabilities. We will tell you how much you should pay and when. We will advise on the interest and penalty implications if tax or NIC is paid late. We will initiate repayment claims if tax or NIC have been overpaid.
- 1.2.8 After obtaining your evidenced approval, we will finalise your returns. This includes a declaration that the information on the return is correct and complete to the best of your knowledge and belief.
- 1.2.9 We will advise you on possible tax-return-related claims and elections arising from information supplied by you, other than as regards to universal credits. If instructed by you, we will make such claims and elections in the form and manner required by HMRC.
- 1.2.10 We will review PAYE notices of coding you provide to us and advise accordingly.
- 1.2.11 We are not responsible for considering or applying for any of the digital filing exemptions. However, if you consider that you are eligible to apply any one of the digital filing exemptions, 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.

1.2.12 We will advise you of any relaxations applicable in relation to the digital records to be kept of income and expenditure.

1.2.13 [There is an in-year capital gains tax (CGT) reporting and payment requirement for disposals of UK residential property [and, if you are 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 60 days of sale completion, please see para 1.5.1.)]

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 will 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) checking your NIC record and state pension forecast;
 - b) advising on your entitlement to state pension and other contributory social security benefits and on making voluntary NC;
 - c) advising on preparing business accounts and/or property letting income and expenditure computations on the accruals basis and helping you to make the requisite election(s);
 - d) appealing penalties or penalty points for failure to meet a filing or payment obligation;
 - e) reviewing your record keeping processes and providing advice on potential improvements thereto to enable compliance with MTD income tax requirements, including digital links for the transfer of data between different software;
 - f) [advising on whether you should change your business accounting year end, for example to align with the tax year end, and, if so, helping you to make the transition];
 - g) advising on the in-year capital gains tax (CGT) reporting requirements on disposals of UK residential property, [and, if you are non-UK resident, UK non-residential property and investments in property-rich entities,] preparing the in-year return and calculating the CGT due where required and submitting the return to HMRC;
 - h) advising on ad hoc transactions (for example pre-sale advice on the sale of assets);
 - i) advising on inheritance tax;
 - j) advising on whether trusts – including any non-taxable trusts – should be registered on HMRC's trust registration service;
 - k) advising on your UK tax residency status;
 - l) dealing with any enquiry opened into your tax return by HMRC;
 - m) preparing any amended returns which may be required and corresponding with HMRC as necessary;
 - n) advising on the rules relating to and assisting with registration for PAYE and NIC or equivalent non-UK taxes and social security charges;

- o) advising on the rules relating to and assisting with registration for VAT or equivalent non-UK taxes;
 - p) advising on universal credit; this is a social security benefit administered by the Department of Work & Pensions, and your entitlement or otherwise will depend not only on your own circumstances but also on those of your household; we would require all relevant information to advise in this area; and
 - q) advising on the extraction of cash/dividends from your personal service company if you have been treated as a deemed employee under the IR35/off-payroll working rules.
- 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.
- 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) keeping all records and documents that are relevant to the completion of your quarterly updates, accounts and year-end tax returns and in a format that complies with the digital record keeping requirements of MTD income tax;
 - b) ensuring that your year-end tax returns and CGT on UK [residential] property returns are correct and complete;
 - c) filing any quarterly updates and year-end tax returns by the due date(s); and
 - d) paying any tax due on time.

Failure to do any of the above may lead to penalties and/or interest being levied by HMRC.

You will need to agree with the client whether the client is keeping the digital records required for MTD income tax or whether you are dealing with this aspect, or whether responsibility is being shared. In addition, you will need to agree who is responsible for submitting quarterly updates for sole trade and property income. Alternative wording is included below and should be tailored to reflect the particular arrangements with the client.

- 1.5.2 [You must provide us with confirmation that your digital records meet HMRC's digital record keeping requirements].
- 1.5.3 [It is also your responsibility to prepare and submit your MTD for income tax updates on a quarterly basis online to HMRC and provide us with your digital records to assist with the preparation of your year-end tax returns].

- 1.5.4 [You will be responsible for preparing and submitting your year-end tax returns to HMRC from the quarterly updates prepared by us, or a third party.]
- 1.5.5 Legal responsibility for approval of the return cannot be delegated to others. You agree to check that returns that we have prepared for you are correct and complete before approving them.
- 1.5.6 You are no less responsible for errors in unapproved [year-end tax returns][and quarterly updates] **amend based on services provided**, submitted on the basis of the information provided to and processed by us, than if you had confirmed your approval of the [year-end tax returns][and quarterly updates] **amend based on services provided**.
- 1.5.7 [Where we are keeping your digital accounting records, you are responsible for providing us with the following information required for us to prepare the records:
- a) Access to your accounting records
 - b) Sale invoices
 - c) Purchase invoices
 - d) Bank statements
 - e) Details of bank and cash payments
 - f) Details of bank and cash receipts
 - g) Stock and work-in-progress details
- We have also agreed that you will provide the following:
- a) A record of the amounts owed to the business
 - b) A record of amounts owed by the business
 - c) A list of accruals
 - d) A list of prepayments
 - e) Private use adjustments].
- 1.5.8 To enable us to carry out our work, you agree:
- a) [that all quarterly updates are to be made on the basis of full disclosure of all sources of income and expenditure];
 - b) that all year-end tax returns are to be made on the basis of full disclosure of all sources of income, expenditure, allowances, capital transactions and any other relevant facts;
 - c) to provide all 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;
 - d) that all digital links are in the manner prescribed and that 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 an inaccuracy on which interest and penalties may arise;
 - 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 60 days after 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 your affairs;
 - g) [to provide us with the records relevant to the preparation of your quarterly updates as soon as possible after the quarter ends **amend if you have agreed to prepare the digital accounting records on a more frequent basis than**

quarterly. We would normally need a minimum of [] days before submission to complete our work. If the records are provided later or are incomplete or unclear, thereby delaying preparation and submission of the filing, we accept no responsibility for any penalty that may arise]; and

- h) to provide us with information in sufficient time for your tax return to be completed and submitted by the [due date] [selected date] following the end of the tax year; to do this, we need to receive all relevant information by **insert date**; if feasible, we may agree to complete your return within a shorter period but may charge an additional fee [of..... **insert fee**] for so doing. If the information is provided later or is incomplete or unclear, thereby delaying preparation and submission of the return, we accept no responsibility for any penalty that may arise.

1.5.9 You will keep us informed of material changes in your circumstances that could affect your tax liability. If you are unsure whether the change is material, please tell us so that we can assess its significance.

1.5.9 [You will authorise us to act as your agent with HMRC. This may involve forwarding us an agent authorisation code sent to you by HMRC which expires within 30 days of issue. Please send this to us as soon as you receive it. Alternatively you may be required to use a link that we will send you via email to complete a 'digital handshake' with HMRC systems to complete the authorisation process.]

1.5.10 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 we have been authorised as your agent, it is still 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.

1.5.11 You are responsible for bringing to our attention any errors, omissions or inaccuracies in your [quarterly updates or]returns **amend based on services provided** that you become aware of after the [quarterly updates or]returns **amend based on services provided** have been submitted in order that we may assist you to submit an amendment or make a voluntary disclosure.

1.5.12 [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 UK VAT registration threshold and you wish us to assist you in notifying HMRC of your liability to be VAT registered, we will be pleased to assist you in the VAT registration process. You should notify us of your instructions to assist in your 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 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, as a result, incur a late registration penalty. The same applies for equivalent non-UK taxes.]

1.5.13 You are responsible for employment taxes, pensions (including auto enrolment) and the assessment of the employment status of your workers including domestic staff. 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.

1.6 [You and your [spouse] [partner]] *include if services are provided to a couple*

- 1.6.1 [We will advise you and your [spouse] [partner] on the basis that you are a family unit. You both agree that, in all matters relating to your or your [spouse's] [partner's] tax and financial affairs, we may deal directly with either of you and we may discuss with either of you the tax liabilities and/or financial affairs of the other. This will help us to streamline our service to you and enable us, for example, to ascertain high income child benefit charge, transferrable marriage allowance, and CGT base costs of assets disposed of which have been transferred between you, where applicable. If you wish to make any change to these arrangements at any time, please let us know.]
- 1.6.2 In order for us to act for you as a couple in respect of a joint claim, you undertake that all instructions, information or explanations that either of you gives us will be on behalf of both of you, unless you specifically tell us otherwise. Similarly, if one of you signs a document, it will be on behalf of you both unless you instruct us to the contrary. If a conflict of interest should arise between you in relation to any matter to do with your joint claim or entitlement, we reserve the right to cease acting for both of you, or to advise one or other of you to obtain independent advice.]