VAT

The purpose of this schedule and the Standard Terms of Business is to set out the basis on which we are to act as accountants and advisors with regard to Value Added Tax and to clarify our respective responsibilities in respect of that work.

1 Your responsibilities

1.1 You are legally responsible for:

(a) ensuring that your returns are correct and complete, and that the digital format captures the appropriate level of data;

(b) ensuring that digital VAT records are kept in functional compatible software as required by HM Revenue & Customs (HMRC);

(c) filing any returns by the due date; and

(d) paying tax on time.

Failure to do so may lead to penalties, interest and default surcharges.

If you have an exemption from MTD or online filing and submit a paper VAT return, although it is possible under the VAT rules for you to delegate signing the return to us, it is our policy not to accept such a delegation.

1.2 You are entirely responsible for paying any VAT, including interest, surcharges or other penalties. We will advise you of the amounts due for payment and the due dates; however, it is your responsibility to arrange and make the payment. Please note that penalties and interest may apply where payments are not made by the due date.

1.3 Where we are keeping your digital records, you are responsible for providing us with the following information required for us to prepare the return:

(a) sales invoice;

(b) purchase invoices;

(c) bank statements;

(d) details of bank and cash receipts and payments;

(e) stock and work-in-progress details;

(f) access to your accounting records;

(g) any other information as agreed separately in writing.

1.4 To enable us to carry out our work you agree:

(a) that all returns are to be made on the basis of full disclosure;

(b) that you are responsible for ensuring that the information provided is, to the best of your knowledge, accurate and complete. The VAT returns are prepared/reviewed solely on the basis of the information provided by you and we accept no responsibility for any VAT liabilities arising due to inaccuracies or omissions in the information you provide which may lead to a misdeclaration on which penalties and interest may arise;

(c) If you require us to upload your VAT return calculations in accordance with the MTD requirements you must provide us with digital records, in a format which is compliant with the law and our systems, together with confirmation that your digital records are complete and accurate. If your software is incompatible with ours, we will agree with you an appropriate solution, and an additional fee may be required.

(d) that we can approach such third parties as may be appropriate for information we consider necessary to deal with the VAT returns;

(e) to provide us with all the records relevant to the preparation of your VAT returns as soon as possible after the return period ends. We would ordinarily need a minimum number of days before submission to complete our work. If the records are provided later or are incomplete or unclear thereby delaying the preparation/review and submission of the VAT return, we accept no responsibility for any penalties or interest that may arise. Where feasible we may agree to complete your return within a shorter period but may charge an additional fee for so doing; and

(f) to check that returns that we have prepared for you are complete before approving them.

1.5 You will keep us informed of material changes in circumstances that could affect the tax liabilities of the entity. If you are unsure whether the change is material please let us know so that we can assess the significance or otherwise.

1.6 You will need to authorise us as an agent on the HMRC portal using your Business Tax Account (if we are not already authorised). This is completed online and you will need your Government Gateway ID. This authorises HMRC to communicate with us as your agent, although they consider that you should still take 'reasonable care' over your tax affairs.

1.7 You will forward to us all relevant HMRC VAT correspondence in time to enable us to deal with matters arising as may be necessary within the statutory time limits. Although HMRC has the authority to communicate with us when form 64-8 or online authorisation has been submitted, it is 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 and, in most cases, will not do so.

1.8 You are responsible for bringing to our attention any errors, omissions or inaccuracies in your VAT returns which you become aware of after the returns have been submitted in order that we may assist you to make a voluntary disclosure.

1.9 If you are involved with any other business which is not registered for VAT you are responsible for monitoring your turnover to establish whether you are liable to register for VAT. If you exceed a VAT registration threshold, and wish us to assist you in notifying HMRC of the requirement to be VAT registered, you must give us clear instructions to assist you in the VAT registration process. You should notify us of your instructions in good time to enable the VAT registration application form to be submitted within the statutory time. We will not be responsible if you fail to notify us in time and incur a late registration penalty as a result.

1.10 If you provide digital or any other services to consumers in the EU, then you are responsible either for registering for VAT in the Member State in which the supply takes place, or for registering for the OSS (non-Union scheme).

1.11 If you import goods from third countries into the EU of a value not exceeding €150 (excluding certain goods) for sale to a non-taxable person in the EU (destination country), you can use the IOSS scheme. The IOSS can also be used for supplies from GB of low value goods to consumers in Northern Ireland.

1.12 If you supply goods to non-taxable persons within the EU (e.g. France to Germany) then you will have to register in the Member State of destination (there is no de minimis threshold) or use one of the OSS schemes (either the Union or non Union scheme depending on circumstances). There may be other circumstances where the Union or non-Union OSS can be used, such as domestic supplies of goods by deemed suppliers. In general terms, however, if you do not fall within the criteria for OSS registration then you may need to VAT-register in the Member State in which you make the supply of the goods or services.

2 Our responsibilities as accountants

2.1 If you are not yet registered, we will register you for MTD for VAT. By instructing us to sign up on your behalf, you are agreeing to HMRC's terms of participation. This may result in certain changes that may include changes to deadlines. You will need to complete HMRC's sign-up process to enable submission of your tax return.

2.2 We will keep all accounting records to meet the digital record keeping requirements of MTD for VAT. You must ensure that the data provided to us is complete and accurate.

2.3 If you are keeping the digital records required for MTD, we will not check these for completeness and accuracy.

2.4 We will advise you of any relaxations applicable in relation to the digital records for supplies made and received.

2.5 We will prepare/review your UK VAT returns/Intrastat returns/Union OSS returns, where applicable, on the basis of the documents, information and explanations supplied by you.

2.6 We will tell you how much you should pay and when. If appropriate we will initiate repayment claims where tax has been overpaid. We will advise on the interest, penalty and default surcharge implications if UK VAT is paid late.

2.7 Where appropriate we will include VAT from any digital import certificates (postponed VAT accounting) and/or C79s we receive from you.

2.8 Where appropriate we will calculate the partial exemption annual adjustment.

2.9 Where appropriate we will calculate the annual Capital Goods Scheme adjustment.

2.10 We will forward to you the completed return calculations for you to review, before you approve the UK VAT return for onward transmission to HMRC.

2.11 You authorise us to file the return electronically once we have received your approval of the figures. When we submit the return, whether it is submitted online or using the MTD compliant software, we are doing this on your behalf as your agent. We will not submit the return until we have received confirmation from you that you have reviewed the entries to be made on the return and that you consider the return to be complete, accurate and ready for online submission. We will agree with you any supplementary information to be submitted on a voluntary basis with the MTD returns prior to submission.

2.12 Where you are invoice (accruals) accounting for income tax, we will perform an annual reconciliation of VAT outputs to turnover.

2.13 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 advisory services in relation to VAT as may be agreed from time to time. These may be the subject of a separate engagement letter. Where appropriate we will discuss and agree an additional fee for this work when it is commissioned by you. Examples of such work include:

- reconciling VAT outputs with turnover;
- reviewing and advising a suitable partial exemption method to use in preparing the return;
- dealing with all communications relating to your returns addressed to us by HMRC or passed to us by you;
- processing import and export declarations including deferred import entries that require postponed VAT accounting (at present we assume that these are handled by you or your customs agent);
- dealing with any enquiry opened into the VAT returns by HMRC;
- making recommendations to you about the use of cash accounting, annual accounting, flat rate and other suitable methods of accounting for VAT;

- making recommendations to you about the use of the VAT One Stop Shop (OSS) Union or non-Union schemes and/or the VAT Import One Stop Shop (IOSS) if you supply relevant services or goods to consumers in the EU;
- providing advice on the VAT liability of supplies of goods or services to consumers outside Great Britain;
- if you are a Northern Irish business trading under the Northern Ireland Protocol, assisting with the filing of Intrastat supplementary declarations and EC Sales Lists as appropriate;
- conducting VAT health checks;
- providing you with advice on VAT, Excise Duty, Customs Duty, Landfill Tax, Insurance Premium Tax, Aggregates Levy and Climate Change Levy as and when requested; and
- advising on ad hoc transactions; and
- reviewing your record keeping processes and providing advice on potential improvements to enable compliance with the MTD for VAT requirements, including digital links for the transfer of data between different software.

Where the advice is provided in writing, the information that you have provided to us and the query raised will be set out with our response to you.

2.14 Where specialist advice is required in certain areas we may need to seek this from or refer you to appropriate specialists.