

technical factsheet 64

Engagement letters for tax practitioners

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INTRODUCTION

- 1 This factsheet provides guidance to tax practitioners about engagement letters for tax work. It replaces the earlier guidance note issued in December 1997.
- 2 It is strongly recommended that practitioners should issue a letter of engagement for tax work in order to define the terms of the engagement and agree these with the client. A letter of engagement can be used to manage clients' expectations; it provides significant protection to the practitioner and is likely to be an important document in a dispute such as a claim for professional negligence. This is particularly so given the increasingly litigious world in which business is conducted. In this context the attention of practitioners is drawn to *Hurlingham Estates v Wilde & Partners [1997] STC 627* following which the Courts will infer that a practitioner has the knowledge and expertise appropriate to the ordinary competent professional practising in his particular field. The engagement letter defines the areas in which the practitioner's presumed expertise is applied for the client's benefit.
- 3 This general guidance gives examples of the content of engagement letters. It does not set out the work that a tax practitioner should or should not do, or how it should be done. The examples of tax engagement letters in the Annexes and in particular the text in square brackets, should be amended to meet individual circumstances. It may, for example, be necessary to issue an engagement letter covering both tax and non-tax work or to tailor an example for a 'one-off' rather than a continuing assignment.
- 4 The example letters contained in the Annexes are designed for use by smaller practitioners but many practices will develop their own model engagement letters.
- 5 This guidance has been developed in conjunction with the Institute of Chartered Accountants in England and Wales, the Institute of Chartered Accountants of Scotland, the Institute of Chartered Accountants in Ireland, the Chartered Institute of Taxation and the Institute of Indirect Taxation.

STATUS OF PRACTITIONER

- 6 In the course of their work for clients, practitioners may be acting as agent, for example where the work consists of preparing and submitting a tax return and agreeing the tax position, or as principal, for example where an income and expenditure account is prepared for a sole trader or consultancy work is undertaken. When drafting the terms of an engagement letter the practitioner should be clear about the distinction.

CONTENTS

- 7 An engagement letter should set out the scope of the engagement and the terms of business, to include as a minimum:
- the nature of the services to be provided (see paragraph 3 in Annexes A–C and paragraph 2 of Annex D);
 - the responsibilities of the client, including the obligation to provide full information (paragraph 4 of Annexes A–C and paragraph 3 of Annex D);
 - quality of service and complaints procedures (paragraph 13 of Annexes A–C and paragraph 9 of Annex D); and
 - fee arrangements (paragraph 14 of Annexes A–C and paragraph 10 of Annex D).

INVESTMENT BUSINESS

- 8 Practitioners are subject to the Financial Services and Markets Act 2000 and, if authorised or regulated under the new rules which are effective from 1 December 2001, will need to include appropriate paragraphs in the tax engagement letter. The provision of specific investment business or corporate finance investment business services should be dealt with under a separate engagement letter.
- 9 Practitioners who are not authorised or regulated under the Financial Services and Markets Act 2000 are not eligible to carry on investment business activities. Any engagement letter should make this clear to the client.

OTHER REGULATIONS AND GUIDANCE

- 10 As well as the regulations relating to investment business, regard should be had to the Rules of Professional Conduct in the *Rulebook* and other relevant professional regulations and guidance.
- 11 The Data Protection Act 1998 came into force on 1 March 2000. It sets rules for processing personal information and applies to paper records as well as those held on computer. It replaces the Data Protection Act 1984. Because the circumstances of each practitioner are different, drafting a form of words appropriate to all is unlikely to be helpful.

Practitioners may find the wording in paragraph 18 in Annexes A–C and paragraph 14 in Annex D useful for the purposes of adaptation.

THE CLIENT

- 12 A separate engagement letter ought to be issued for each client to whom a service is provided. For example, separate engagement letters should be used if the practitioner provides tax services to:
- a husband and wife;
 - an individual and, following death, the personal representatives administering the deceased's estate;
 - a partnership and the individual partners;
 - a company and its shareholders;
 - a company and its directors;
 - a company and its employees where, for example, a bulk tax return service is provided; and
 - a trust and its beneficiaries.

- 13 When acting for a group of companies, it may be more practical to send a single engagement letter to the parent company of the group. The letter should specify clearly that services to all the member companies of the group are covered; furthermore the practitioner should check that the parent company has the authority to bind all members of the group.

FEES

- 14 Fee arrangements are a matter for commercial negotiation by practitioners. Due regard should be given to the nature of the engagement and client relationship when setting fees. Possible arrangements include:
- time and expenses – where the practitioner charges on the basis of time spent according to the level of expertise required. The rate to be charged is likely to reflect the complexity of the engagement and the value of the benefit to the client;
 - fixed fees – where the practitioner charges a fixed amount for an agreed assignment, the fee should be based upon a proper costing of the work to be undertaken. It is essential that there is an appropriate variation clause in the engagement letter to enable additional work to be charged and/or cost escalation to be recouped; and
 - contingent or success fees – these should be used with care and should not be adopted as commercial terms if there is a risk that professional independence and integrity will be impaired in the conduct of work.
- 15 Members should take steps to avoid fee disputes by giving an indication of fees before work is started or by agreeing fees before issuing invoices.

AGREEMENT OF LETTER

- 16 The client should be asked to agree to the scope and terms of the engagement in writing, usually by signing and returning a copy of the engagement letter.

ONGOING WORK AND CHANGES

- 17 An engagement letter for ongoing work should be regularly reviewed and, if appropriate, an updated engagement letter agreed. This should be done even if just one aspect of the engagement is changed, for example where the practitioner agrees to carry out a year's work for a fixed fee rather than a time-based fee.

Generally a practitioner should review engagement letters for continuing services at least once every three years. It is important for practitioners to keep the client informed about progress once the engagement is under way. It is prudent to write to the client when ceasing to act so that the client is on notice about any outstanding matters. These actions should help to avoid misunderstandings about the engagement and disputes about fees.

This factsheet has been developed for guidance purposes only. It is not a substitute for obtaining specific advice. Neither ACCA nor its employees can accept liability for any errors or omissions.

ANNEX A

Example of a Personal (Including Sole Trader) Tax Compliance Engagement Letter

This is not intended to be used in all cases and must be tailored to meet specific circumstances.

Dear *[complete]*

Personal (Including Sole Trader Business) Tax Compliance : Terms of Engagement

1 Introduction

- 1.1 This letter sets out the basis on which we *[are to]* act as your tax agent and adviser.
- 1.2 Your spouse is legally responsible for *[his/her]* own tax affairs and should be dealt with independently. *[However, if both spouses sign this letter you agree that we can disclose to your spouse such details of your financial affairs as are required to consider your combined tax position.]*

2 Period of Engagement

- 2.1 This engagement will commence with your tax return for the year to *[...]*.

2.2 *[Either]*

We will deal with matters arising in respect of years prior to the above year, as appropriate.

[or]

We will not be responsible for earlier years. Your previous advisers, *[insert name of advisers]*, will deal with outstanding returns, assessments and other matters relating to earlier periods and will agree the position with the tax authorities.

Scope

3 Our Service to You

- 3.1 *Note: Paragraph 3.1 is intended for use where the business accounts comprise no more than an income and expenditure account drawn up for the purpose of completing the tax return. The terms of engagement for the preparation of more extensive accounts are outside the scope of this guidance note.*

[Either]

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.

[or]

We will prepare the income tax computations based on the accounts of your business from the accounting records and other information and explanations provided by you.

- 3.2 We will prepare your personal tax return together with such supporting schedules as are appropriate and we will *[prepare]/[check the Inland Revenue's calculation of]* your self-assessment of tax *[and Class 4 national insurance contributions]*.
- 3.3 We will send you your tax return *[, business accounts, tax computations]* *[sole traders]* and supporting schedules *[in duplicate]* *[optional]* for you to approve and sign. We will then submit it *[, with the accounts and computations,]* to the Inland Revenue. *[You authorise us to file the return electronically.]*

- 3.4 We will tell you how much tax [and national insurance contributions] you should pay and when. If appropriate, we will initiate repayment claims when tax [and national insurance contributions] [has/have] been overpaid.
- 3.5 We will deal with the Inland Revenue regarding any amendments required to your return and prepare any amended returns, which may be required.
- 3.6 We will advise as to possible claims and elections arising from the tax return and from information supplied by you. Where instructed by you, we will make such claims and elections in the form and manner required by the Inland Revenue.
- 3.7 We will deal with all communications relating to your return addressed to us by the Inland Revenue or passed to us by you. However, if the Inland Revenue choose your return for enquiry [we will refer you to another practitioner]/[this work may need to be the subject of a separate assignment, in which case we will seek further instructions from you]. [See *Annex D.*]
- 3.8 [We will check PAYE notices of coding where such notices are forwarded to us.]

4 Your Responsibilities: Provision of Information by You

- 4.1 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.
- 4.2 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 [due date]/[selected date] of [...] following the end of the tax year. In order that we can do this, we need to receive all relevant information by [...]. [You have asked us to submit your self-assessment tax return by 30 September following the end of the tax year so that the Inland Revenue can calculate your tax liability and notify you of your 31 January balancing payment [and code out the first £1,000 of any underpayment] – in order to meet this date you agree to provide us with all relevant information by [...]];
 - (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 the Inland Revenue 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.

5 Other Services and General Tax Advice

Insert paragraphs from Annex E as appropriate.

- 5.1 We will be pleased to assist you generally in tax matters if you so require. To enable us to do this you will need to instruct us in good time.
- 5.2 Because tax rules change frequently you must ask us to review any advice already given if a transaction is delayed, or if an apparently similar transaction is to be undertaken.
- 5.3 It is our policy to confirm in writing advice upon which you may wish to rely.

6 Investment Advice

6.1 *[If not authorised or regulated]*

Investment business is regulated under the Financial Services and Markets Act 2000. We are not authorised or regulated under that Act.

[or, if authorised or regulated]

If we are required to provide investment advice we will issue a separate engagement letter.

6.2 *[Practitioners who are authorised or regulated to carry on investment business are referred to the investment business regulations and guidelines issued by the regulatory body who authorise or regulate them to conduct investment business. This guidance should be incorporated as appropriate into the client engagement letter to cover investment business services that are integral to tax advice. If investment services are separately identifiable, then separate engagement letters should be used.]*

7 Excluded Services

Adapt as appropriate. See also paragraph 5 above.

7.1 You will continue to deal with other matters required by law, such as:

- Pay As You Earn including year end returns and matters relating to your employees;
- forms P11D;
- obligations under IR35;
- returns for sub-contractors;
- VAT returns; and
- inheritance tax returns.

7.2 We will be pleased to advise on any of these tax matters if so requested.

Terms

8 Professional Rules and Practice Guidelines

8.1 We will observe the ethical guidelines of the Association of Chartered Certified Accountants and accept instructions to act for you on the basis that we will act in accordance with those guidelines. In particular you give us authority to correct Inland Revenue errors.

A copy of these guidelines is available for your inspection in our offices.

9 Commissions or Other Benefits

The attention of practitioners is drawn to the guidance contained in the Rulebook and the disclosure requirements of the relevant investment business regulations, if applicable.

9.1 In some circumstances, commissions or other benefits may become payable to us [or to one of our associates] in respect of transactions which we [or such associates] arrange for you, in which case you will be notified in writing of the amount and terms of payment. The fees that would otherwise be payable by you as described will [not] take into account the benefit to us of such amounts. You consent to such commission or other benefits being retained by us [or, as the case may be, by our associates,] without our [or their] being liable to account to you for any such amounts.

10 Client Monies

10.1 We may, from time to time, hold money on your behalf. Such money will be held in trust in a client bank account, which is segregated from the firm's funds.

11 Retention of Records

- 11.1 During the course of our work we will collect information from you and others acting on your behalf and will return any original documents to you following preparation of your return. You should retain them for [...] year[s] from the 31 January following the end of the tax year. This period may be extended if the Inland Revenue enquire into your tax return. *[Practitioners who retain records on behalf of clients will need to amend this paragraph.]*
- 11.2 Though certain documents may legally belong to you, we intend to destroy correspondence and other papers that we store which are more than seven years old, other than documents which we consider to be of continuing significance. You must tell us if you require retention of a particular document.

12 Regulatory Requirements

- 12.1 We reserve the right to disclose our files to regulatory bodies in the exercise of their powers. *[Adapt as necessary and for firms who voluntarily undergo external peer review.]*

13 Quality of Service

- 13.1 We aim to provide a high quality of service at all times. If you would like to discuss with us how our service could be improved or if you are dissatisfied with the service you are receiving please let us know by contacting *[insert name]*.
- 13.2 We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. If we do not answer your complaint to your satisfaction you may take up the matter with the Association of Chartered Certified Accountants.

14 Fees

This is an example only – if fees are calculated on any other basis, for example a fixed amount or contingency fee, then different wording should be substituted.

- 14.1 Our charges are computed on the basis of fees for the time spent on your affairs (which depend on the levels of skill and responsibility involved) and disbursements incurred in connection with the engagement. [If work is required which is outside the scope of this letter, for example dealing with Inland Revenue enquiries into the tax return, then this will be a separate engagement for which additional fees will be chargeable.] We will issue invoices at [monthly/quarterly/six-monthly] intervals during the course of the year. We will add value-added tax, if applicable, at the current rate.
- 14.2 Our invoices are payable on presentation. We reserve the right to charge interest at [...] % per [month/year] [over base rate] in the case of overdue accounts. We may terminate our engagement and cease acting if payment of any fees billed is unduly delayed. However, it is not our intention to use these arrangements in a way which is unfair or unreasonable.

15 Limitation of Liability

Practitioners who wish to include provisions intended to limit their liability in the event of a claim by a client are strongly advised to take legal advice on this complex matter.

- 15.1 The advice, which we give to you, is for your sole use and does not constitute advice to any third party to whom you may communicate it.
- 15.2 We will provide the professional services outlined in this letter with reasonable care and skill. However, we will not be responsible for any losses, penalties, surcharges, interest or additional tax liabilities arising from the supply by you or others of incorrect or incomplete information, or from the failure by you or others to supply any appropriate information or your failure to act on our advice or respond promptly to communications from us or the tax authorities.
- 15.3 E-mail may be used to enable us to communicate with you. As with other means of delivery this carries with it the risk of inadvertent misdirection or non-delivery. It is the responsibility of the recipient to carry out a virus check on any attachments received.

16 Electronic Communication

16.1 As Internet communications are capable of data corruption we do not accept any responsibility for changes made to such communications after their despatch. For this reason it may be inappropriate to rely on advice contained in an e-mail without obtaining written confirmation of it. All risks connected with sending commercially sensitive information relating to your business are borne by you and are not our responsibility. If you do not accept this risk, you should notify us in writing that e-mail is not an acceptable means of communication.

17 Applicable Law

17.1 This engagement letter is governed by, and construed in accordance with, [English] *[amend as appropriate]* law. The Courts of [England] will have exclusive jurisdiction in relation to any claim, dispute or difference concerning this engagement letter and any matter arising from it. Each party irrevocably waives any right it may have to object to any action being brought in those courts, to claim that the action has been brought in an inappropriate forum, or to claim that those courts do not have jurisdiction.

18 Data Protection Act 1998

18.1 To enable us to discharge the services agreed under this engagement, and for other related purposes including updating and enhancing client records, analysis for management purposes and statutory returns, crime prevention and legal and regulatory compliance, we may obtain, use, process and disclose personal data about you.

You have a right of access, under data protection legislation, to the personal data that we hold about you. For the purposes of the Data Protection Act 1998, the Data Controller in relation to personal data supplied about you is *[name]*.

19 Contracts (Rights of Third Parties) Act 1999

19.1 A person who is not party to this agreement shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this agreement. This clause does not affect any right or remedy of any person that exists or is available otherwise than pursuant to that Act.

20 Agreement of Terms

20.1 This letter supersedes any previous engagement letter for the period covered. Once agreed, this letter will remain effective from the date of signature until it is replaced. You or we may vary or terminate our authority to act on your behalf at any time without penalty. Notice of variation or termination must be given in writing.

20.2 We should be grateful if you would confirm your agreement to the terms of this letter by signing and returning the enclosed copy.

20.3 If this letter is not in accordance with your understanding of the scope of our engagement, please let us know.

Yours *[complete]*

I acknowledge receipt of your above letter dated *[complete]* which fully records the agreement between us relating to your appointment to carry out the work described in it.

Signed _____ Date _____

[I agree that you can disclose to my spouse such details of my financial affairs as you consider necessary (see paragraph 1.2).

Signed _____ Date _____

Signed _____ Date] _____
(Spouse)

ANNEX B

Example of a Corporation Tax Compliance Engagement Letter

This is not intended to be used in all cases and must be tailored to meet specific circumstances.

To the Directors of *[complete]*.

Corporation Tax Compliance: Terms of Engagement

1 Introduction

- 1.1 This letter sets out the basis on which we [are to] act as tax agent and adviser to the company [and its subsidiaries. The following is a list of those subsidiaries:]
- 1.2 [For the purpose of what follows any reference to the company should be read as a reference also to the subsidiary companies.]
- 1.3 We will communicate with [...] in relation to the company's tax affairs.

2 Period of Engagement

- 2.1 This engagement will commence with the company's tax return for the accounting period to [...].
- 2.2 *[Either]*

We will deal with matters arising in respect of periods prior to the above period as appropriate.

[or]

We will not be responsible for earlier periods. The company's previous advisers, *[insert name of advisers]*, will deal with outstanding returns, assessments and other matters relating to earlier periods and will agree the position with the tax authorities.

Scope

3 Our Service to the Company

- 3.1 We will prepare from the accounts and other information and explanations provided by you the company's corporation tax return and computations, together with all supporting schedules and, where necessary, amended returns.
- 3.2 We will send you the tax return and supporting schedules [in duplicate] *[optional]* for you to approve and sign. We will then submit them, with the accounts and computations, to the Inland Revenue. [You authorise us to file the return electronically.]
- 3.3 We will advise you of the amounts of corporation tax to be paid and the dates by which the company should make the payments. Where appropriate we will initiate repayment claims when tax has been overpaid.
- 3.4 If you wish, we will advise you whether quarterly corporation tax payments ought to be made, but in order to do this you will need to provide us with appropriate management information.
- 3.5 We will advise as to possible claims and elections arising from the tax return and from information supplied by you. Where instructed by you, we will make such claims and elections in the form and manner required by the Inland Revenue.
- 3.6 We will deal with all communications relating to the company's tax return addressed to us by the Inland Revenue or passed to us by the company. However, if the Inland Revenue 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. (See *Annex D.*)

3.7 We will [prepare/help you in preparing] the tax provisions and disclosures to be included in the company's statutory accounts.

4 Your Responsibilities: Provision of Information by You

4.1 The company is 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 and/or interest.

4.2 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 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;
- (c) that we can approach such third parties as may be appropriate for information that we consider necessary to deal with the company's affairs;
- (d) to provide us with information in sufficient time for the company's tax returns to be completed and submitted by the due date of [...] following the end of the accounting period. In order that we can do this, we need to receive all relevant information by [...];
- (e) to forward to us, on receipt, copies of notices of assessment, letters and other communications received from the Inland Revenue to enable us to deal with them as may be necessary within the statutory time limits; and
- (f) to keep us informed about significant transactions or changes in circumstances.

5 Other Services and General Tax Advice

Insert paragraphs from Annex E as appropriate.

5.1 We will be pleased to assist the company generally in tax matters [including VAT] if you advise us in good time of any proposed transactions and request advice. We would, however, warn you that because tax rules change frequently you must ask us to review any advice already given if a transaction is delayed, or if an apparently similar transaction is to be undertaken.

5.2 It is our policy to confirm in writing advice upon which the company may wish to rely.

5.3 We will be pleased also to advise the directors and executives on their personal income tax and capital tax affairs. In such cases we will need to agree separate terms with the individuals concerned.

6 Investment Advice

6.1 *[If not authorised or regulated]*

Investment business is regulated under the Financial Services and Markets Act 2000. We are not authorised or regulated under that Act.

[or, if authorised or regulated]

If we are required to provide investment advice we will issue a separate engagement letter.

6.2 *[Practitioners who are authorised or regulated to carry on investment business are referred to the investment business regulations and guidelines issued by the regulatory body who authorise or regulate them to conduct investment business. This guidance should be incorporated as appropriate into the client engagement letter to cover investment business services that are integral to tax advice. If investment services are separately*

identifiable, then separate engagement letters drafted in accordance with the relevant guidance should be used.]

7 Excluded Services

Adapt as appropriate. See also paragraph 5 above.

7.1 You will continue to deal with other matters required by law, such as:

- forms CT61;
- Pay As You Earn including year end returns and matters relating to your employees;
- forms P11D;
- obligations under IR35;
- returns for sub-contractors; and
- VAT returns.

7.2 We will be pleased to advise on any of these tax matters if so requested.

Terms

8 Professional Rules and Practice Guidelines

8.1 We will observe the ethical guidelines of the Association of Chartered Certified Accountants and accept instructions to act for you on the basis that we will act in accordance with those guidelines. In particular you give us authority to correct Inland Revenue errors. A copy of these guidelines is available for your inspection in our offices.

9 Commissions or Other Benefits

The attention of practitioners is drawn to the guidance contained in the Rulebook and the disclosure requirements of the relevant investment business regulations, if applicable.

9.1 In some circumstances, commissions or other benefits may become payable to us [or to one of our associates] in respect of transactions which we [or such associates] arrange for the company, in which case you will be notified in writing of the amount and terms of payment. The fees that would otherwise be payable by the company as described will [not] take into account the benefit to us of such amounts. You consent to such commission or other benefits being retained by us [or, as the case may be, by our associates,] without our [or their] being liable to account to the company for any such amounts.

10 Client Monies

10.1 We may, from time to time, hold money on behalf of the company. Such money will be held in trust in a client bank account, which is segregated from the firm's funds.

11 Retention of Records

11.1 During the course of our work we will collect information from you and others acting on behalf of the company and will return any original documents to you following preparation of the company's return. You should retain them for [...] years from the end of the relevant accounting period. This period may be extended if the Inland Revenue enquire into the company's tax return. *[Practitioners who retain records on behalf of clients will need to amend this paragraph.]*

11.2 Though certain documents may legally belong to the company, we intend to destroy correspondence and other papers that we store which are more than seven years old, other than documents which we consider to be of continuing significance. You must tell us if you require retention of a particular document.

12 Regulatory Requirements

12.1 We reserve the right to disclose our files to regulatory bodies in the exercise of their powers. *[Adapt as necessary and for firms who voluntarily undergo external peer review.]*

13 Quality of Service

- 13.1 We aim to provide a high quality of service at all times. If you would like to discuss with us how our service could be improved or if you are dissatisfied with the service that you are receiving please let us know by contacting *[insert name]*.
- 13.2 We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. If we do not answer your complaint to your satisfaction you may take up the matter with the Association of Chartered Certified Accountants.

14 Fees

This is an example only – if fees are calculated on any other basis, for example a fixed amount or contingency fee, then different wording should be substituted.

- 14.1 Our charges are computed on the basis of fees for the time spent on the company's affairs (which depend on the levels of skill and responsibility involved) and disbursements incurred in connection with the engagement. [If work is required which is outside the scope of this letter, for example dealing with Inland Revenue enquiries into the tax return, then this will be a separate engagement for which additional fees will be chargeable.] We will issue invoices at [monthly/quarterly/six-monthly] intervals during the course of the year. We will add value-added tax, if applicable, at the current rate.
- 14.2 Our invoices are payable on presentation. We reserve the right to charge interest at [...] % per [month/year] [over base rate] in the case of overdue accounts. We may terminate our engagement and cease acting if payment of any fees billed is unduly delayed. However, it is not our intention to use these arrangements in a way which is unfair or unreasonable.

15 Limitation of Liability

Practitioners who wish to include provisions intended to limit their liability in the event of a claim by a client are strongly advised to take legal advice on this complex matter.

- 15.1 The advice which we give to you is for your sole use and does not constitute advice to any third party to whom you may communicate it.
- 15.2 We will provide the professional services outlined in this letter with reasonable care and skill. However, we will not be responsible for any losses, penalties, surcharges, interest or additional tax liabilities arising from the supply by you or others of incorrect or incomplete information, or from the failure by you or others to supply any appropriate information or your failure to act on our advice or respond promptly to communications from us or the tax authorities.
- 15.3 E-mail may be used to enable us to communicate with you. As with any other means of delivery this carries with it the risk of inadvertent misdirection or non-delivery. It is the responsibility of the recipient to carry out a virus check on any attachments received.

16 Electronic Communication

- 16.1 As Internet communications are capable of data corruption we do not accept any responsibility for changes made to such communications after their despatch. For this reason it may be inappropriate to rely on advice contained in an e-mail without obtaining written confirmation of it. All risks connected with sending commercially sensitive information relating to your business are borne by you and are not our responsibility. If you do not accept this risk, you should notify us in writing that e-mail is not an acceptable means of communication.

17 Applicable Law

- 17.1 This engagement letter is governed by, and construed in accordance with, [English] *[amend as appropriate]* law. The Courts of [England] will have exclusive jurisdiction in relation to any claim, dispute or difference concerning this engagement letter and any matter arising from it. Each party irrevocably waives any right it may have to object to any action being brought in those courts, to claim that the action has been brought in an inappropriate forum, or to claim that those courts do not have jurisdiction.

18 Data Protection Act 1998

18.1 To enable us to discharge the services agreed under this engagement, and for other related purposes including updating and enhancing client records, analysis for management purposes and statutory returns, crime prevention and legal and regulatory compliance, we may obtain, use, process and disclose personal data about you. You have a right of access, under data protection legislation, to the personal data that we hold about you. For the purposes of the Data Protection Act 1998, the Data Controller in relation to personal data supplied about you is *[name]*.

19 Contracts (Rights of Third Parties) Act 1999

19.1 A person who is not party to this agreement shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this agreement. This clause does not affect any right or remedy of any person that exists or is available otherwise than pursuant to that Act.

20 Agreement of Terms

- 20.1 This letter supersedes any previous engagement letter for the period covered. Once agreed, this letter will remain effective from the date of signature until it is replaced. You or we may vary or terminate our authority to act on your behalf at any time without penalty. Notice of variation or termination must be given in writing.
- 20.2 We should be grateful if you would confirm your agreement to the terms of this letter by signing and returning the enclosed copy.
- 20.3 If this letter is not in accordance with your understanding of the scope of our engagement, please let us know.

Yours *[complete]*

[I/We] acknowledge receipt of your above letter dated *[complete]* which fully records the agreement between you and the company relating to your appointment to carry out the work described in it.

Signed
For and on behalf of *[company]*

Date

ANNEX C

Example of a Partnership Tax Compliance Engagement Letter

This is not intended to be used in all cases and must be tailored to meet specific circumstances.

Dear *[complete]*

Partnership Tax Compliance: Terms of Engagement

1 Introduction

- 1.1 This letter sets out the basis on which we [are to] act as tax agent and adviser to your firm. We will issue separate engagement letters to individual partners where we deal with their personal affairs.
- 1.2 We will communicate with [...] who is the representative nominated by you in relation to the partnership's tax affairs.

2 Period of Engagement

- 2.1 This engagement will commence with the partnership's tax return for the year to [...].

2.2 *[Either]*

We will deal with matters arising in respect of years prior to the above year, as appropriate.

[or]

We will not be responsible for earlier years. Your previous advisers, *[insert name of advisers]*, will deal with outstanding returns, assessments and other matters relating to earlier periods and will agree the position with the tax authorities.

Scope

3 Our Service to You

Note: the terms of engagement for the preparation of partnership accounts are outside the scope of this guidance note.

- 3.1 We will prepare the income tax and capital gains tax computations based on the partnership accounts from the accounting records and other information and explanations provided by you.
- 3.2 We will prepare the firm's annual partnership return, including the partnership statement of total income, gains, losses, tax credits and charges of the firm for each period of account ending in the return period.
- 3.3 We will send you the income tax and capital gains tax computations and the tax return and supporting schedules [in duplicate] *[optional]* for you to approve and sign. We will then submit it [, with the accounts and computations,] to the Inland Revenue. [You authorise us to file the return electronically.]
- 3.4 We will advise all the partners who were partners in the firm during the period of their respective shares of the firm's total income, gains, losses, tax credits and charges so that they are able to file their personal self-assessment tax returns within the relevant time period.
- 3.5 *[Include if the partnership will pay partnership tax liabilities on behalf of partners – omit if partners will meet their own tax liabilities including tax on partnership income and gains.]*

We will give advice to the partners so that they can inform the partnership what amounts of tax are due in respect of their partnership income and gains and we will advise as to appropriate amounts of tax and Class 4 national insurance contributions to be paid and the dates by which the partnership should make the payments. In order to do this we will need to be supplied with relevant information by the partners.

- 3.6 We will deal with the Inland Revenue regarding any amendments required to the partnership return and prepare any amended returns which may be required.
- 3.7 We will advise as to possible claims and elections arising from the tax return and from information supplied by you. Where instructed by you, we will make such claims and elections in the form and manner required by the Inland Revenue.
- 3.8 We will deal with all communications relating to the partnership return addressed to us by the Inland Revenue or passed to us by you. However, if the Inland Revenue choose the partnership tax return for enquiry [we will refer you to another practitioner] / [this work may need to be the subject of a separate assignment, in which case we will seek further instructions from you]. [See Annex D.]
- 3.9 We will [prepare/help you in preparing] the tax provisions and disclosures to be included in the partnership's financial accounts.

4 Your Responsibilities: Provision of Information by You

- 4.1 The partnership is legally responsible for making correct returns by the due date.
- 4.2 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 the partnership's 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 the firm's affairs;
 - (d) to provide us with information in sufficient time for the partnership tax returns to be completed and submitted by the [due date/selected date] of [...] following the end of the [tax year/accounting period]. In order that we can do this, we need to receive all relevant information by [...];
 - (e) to forward to us, on receipt, copies of all Inland Revenue statements of account, notices of assessment, letters and other communications received from the Inland Revenue 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 firm's circumstances if they are likely to affect the tax position.

5 Other Services and General Tax Advice

Insert paragraphs from Annex E as appropriate.

- 5.1 We will be pleased to assist the partnership generally in tax matters [including VAT] if you advise us in good time of any proposed transactions and request advice.

We would, however, warn you that because tax rules change frequently you must ask us to review any advice already given if a transaction is delayed, or if an apparently similar transaction is to be undertaken.
- 5.2 It is our policy to confirm in writing advice upon which you may wish to rely.
- 5.3 We will be pleased also to advise the partners on their personal (income and capital) tax affairs. In such cases we will need to agree separate terms with the individuals concerned.

6 Investment Advice

6.1 *[If not authorised or regulated]*

Investment business is regulated under the Financial Services and Markets Act 2000. We are not authorised or regulated under that Act.

[or, if authorised or regulated]

If we are required to give investment advice we will issue a separate engagement letter.

6.2 *[Practitioners who are authorised or regulated to carry on investment business are referred to the investment business regulations and guidelines issued by the regulatory body who authorise or regulate them to conduct investment business. This guidance should be incorporated as appropriate into the client engagement letter to cover investment business services that are integral to tax advice. If investment services are separately identifiable, then separate engagement letters drafted in accordance with relevant guidance should be used.]*

7 Excluded Services

Adapt as appropriate. See also paragraph 5.

7.1 You will continue to deal with other matters required by law, such as:

- Pay As You Earn including year end returns and matters relating to your employees;
- forms P11D;
- obligations under IR35;
- returns for sub-contractors; and
- VAT returns.

7.2 We will be pleased to advise on any of these tax matters if so requested.

Terms

8 Professional Rules and Practice Guidelines

8.1 We will observe the ethical guidelines of the Association of Chartered Certified Accountants and accept instructions to act for you on the basis that we will act in accordance with those guidelines. In particular you give us authority to correct Inland Revenue errors. A copy of these guidelines is available for your inspection in our offices.

9 Commissions or Other Benefits

The attention of practitioners is drawn to the guidance contained in the Rulebook and the disclosure requirements of the relevant investment business regulations.

9.1 In some circumstances, commissions or other benefits may become payable to us [or to one of our associates] in respect of transactions which we [or such associates] arrange for you, in which case you will be notified in writing of the amount and terms of payment. The fees that would otherwise be payable by the partnership as described will [not] take into account the benefit to us of such amounts. You consent to such commission or other benefits being retained by us [or, as the case may be, by our associates,] without our [or their] being liable to account to you for any such amounts.

10 Client Monies

10.1 We may, from time to time, hold money on behalf of the partnership. Such money will be held in trust in a client bank account, which is segregated from the firm's funds.

11 Retention of Records

11.1 During the course of our work we will collect information from you and others acting on your behalf and will return any original documents to you following preparation of your return. You should retain them for 5 years

from 31 January following the end of the tax year. This period may be extended if the Inland Revenue enquire into the partnership's tax return. *[Practitioners who retain records on behalf of clients will need to amend this paragraph.]*

- 11.2 Though certain documents may legally belong to the partnership, we intend to destroy correspondence and other papers that we store which are more than seven years old, other than documents which we consider to be of continuing significance. You must tell us if you require retention of a particular document.

12 Regulatory Requirements

- 12.1 We reserve the right to disclose our files to regulatory bodies in the exercise of their powers. *[Adapt as necessary and for firms who voluntarily undergo external peer review.]*

13 Quality of Service

- 13.1 We aim to provide a high quality of service at all times. If you would like to discuss with us how our service could be improved or if you are dissatisfied with the service that you are receiving please let us know by contacting *[insert name]*.
- 13.2 We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. If we do not answer your complaint to your satisfaction you may take up the matter with the Association of Chartered Certified Accountants.

14 Fees

This is an example only – if fees are calculated on any other basis, for example a fixed amount or contingency fee, then different wording should be substituted.

- 14.1 Our charges are computed on the basis of fees for the time spent on the partnership's affairs (which depend on the levels of skill and responsibility involved) and disbursements incurred in connection with the engagement. [If work is required which is outside the scope of this letter, for example dealing with Inland Revenue enquiries into the tax return, then this will be a separate engagement for which additional fees will be chargeable.] We will issue invoices at *[monthly/quarterly/six-monthly]* intervals during the course of the year. We will add value-added tax, if applicable, at the current rate.
- 14.2 Our invoices are payable on presentation. We reserve the right to charge interest at *[...]*% per *[month/year]* *[over base rate]* in the case of overdue accounts. We may terminate our engagement and cease acting if payment of any fees billed is unduly delayed. However, it is not our intention to use these arrangements in a way which is unfair or unreasonable.

15 Limitation of Liability

Practitioners who wish to include provisions intended to limit their liability in the event of a claim by a client are strongly advised to take legal advice on this complex matter.

- 15.1 The advice which we give to you is for your sole use and does not constitute advice to any third party to whom you may communicate it.
- 15.2 We will provide the professional services outlined in this letter with reasonable care and skill. However, we will not be responsible for any losses, penalties, surcharges, interest or additional tax liabilities arising from the supply by you or others of incorrect or incomplete information, or from the failure by you or others to supply any appropriate information or your failure to act on our advice or respond promptly to communications from us or the tax authorities.
- 15.3 E-mail may be used to enable us to communicate with you. As with any other means of delivery this carries with it the risk of inadvertent misdirection or non-delivery. It is the responsibility of the recipient to carry out a virus check on any attachments received.

16 Electronic Communication

16.1 As Internet communications are capable of data corruption we do not accept any responsibility for changes made to such communications after its despatch. For this reason it may be inappropriate to rely on advice contained in an e-mail without obtaining written confirmation of it. All risks connected with sending commercially sensitive information relating to your business are borne by you and are not our responsibility. If you do not accept this risk, you should notify us in writing that e-mail is not an acceptable means of communication.

17 Applicable Law

17.1 This engagement letter is governed by, and construed in accordance with, [English] *[amend as appropriate]* law. The Courts of [England] will have exclusive jurisdiction in relation to any claim, dispute or difference concerning this engagement letter and any matter arising from it. Each party irrevocably waives any right it may have to object to any action being brought in those courts, to claim that the action has been brought in an inappropriate forum, or to claim that those courts do not have jurisdiction.

18 Data Protection Act 1998

18.1 To enable us to discharge the services agreed under this engagement, and for other related purposes including updating and enhancing client records, analysis for management purposes and statutory returns, crime prevention and legal and regulatory compliance, we may obtain, use, process and disclose personal data about you. You have a right of access, under data protection legislation, to the personal data that we hold about you. For the purposes of the Data Protection Act 1998, the Data Controller in relation to personal data supplied about you is *[name]*.

19 Contracts (Rights of Third Parties) Act 1999

19.1 A person who is not party to this agreement shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this agreement. This clause does not affect any right or remedy of any person that exists or is available otherwise than pursuant to that Act.

20 Agreement of Terms

20.1 This letter supersedes any previous engagement letter for the period covered. Once agreed, this letter will remain effective from the date of signature until it is replaced. You or we may vary or terminate our authority to act on your behalf at any time without penalty. Notice of variation or termination must be given in writing.

20.2 We should be grateful if you would confirm your agreement to the terms of this letter by signing and returning the enclosed copy.

20.3 If this letter is not in accordance with your understanding of the scope of our engagement, please let us know.

Yours *[complete]*

As representative partner I acknowledge receipt of your above letter dated *[complete]* which fully records the agreement between you and the partnership relating to your appointment to carry out the work described in it.

Signed

Date

ANNEX D

Example of a Tax Consultancy Engagement Letter (Including a Tax Investigation)

This letter must be tailored to meet specific circumstances. Where this is a separate engagement for an existing client, reference can be made to the original engagement letter in relation to the terms.

Dear [complete]

Tax Consultancy (Including a Tax Investigation): Terms of Engagement

1 Introduction

1.1 This letter sets out the basis on which we are to act for you in relation to [complete].

Scope

2 Our Service to You

2.1 [Either]

We will prepare a report on the matters in relation to which you have instructed us.

[or]

[We will carry out such work as we consider necessary in order to put ourselves in a position to provide a full and accurate response to the matters under enquiry.] [We will conduct a detailed investigation of your affairs so that we are in a position to prepare a report for the Inland Revenue setting out your financial affairs. This will include the preparation of capital statements and the reconciliation of your assets and liabilities.]

3 Your Responsibilities: Provision of Information by You

3.1 [Either]

You agree to give us access to full information about your tax affairs and the matters on which you have asked us to advise you.

[or]

To enable us to carry out our work you agree to provide us with full and accurate information regarding the matters under [enquiry/investigation]. In particular you agree that our work is to be carried out on the basis of full disclosure of relevant matters.

3.2 You agree that we can approach third parties as may be appropriate for information that we consider necessary to deal with your affairs.

Terms

4 Professional Rules and Practice Guidelines

4.1 We will observe the ethical guidelines of the Association of Chartered Certified Accountants and accept instructions to act for you on the basis that we will act in accordance with those guidelines. In particular you give us authority to correct Inland Revenue errors. A copy of these guidelines is available for your inspection in our offices.

5 Commissions or Other Benefits

The attention of practitioners is drawn to the Rules of Professional Conduct and the disclosure requirements of the relevant investment business regulations, if applicable.

- 5.1 In some circumstances, commissions or other benefits may become payable to us [or to one of our associates] in respect of transactions which we [or such associates] arrange for you, in which case you will be notified in writing of the amount and terms of payment. The fees that would otherwise be payable by you as described will [not] take into account the benefit to us of such amounts. You consent to such commission or other benefits being retained by us [or, as the case may be, by our associates,] without our [or their] being liable to account to you for any such amounts.

6 Client Monies

- 6.1 We may, from time to time, hold money on your behalf. Such money will be held in trust in a client bank account, which is segregated from the firm's funds.

7 Retention of Records

- 7.1 During the course of our work we will collect information from you and others acting on your behalf and will return any original documents to you at the conclusion of the [engagement/enquiry]. You should retain them for [...] years from [31 January following the end of the tax year] [for [...] years from the end of the relevant accounting period][at least until the Inland Revenue issue a closure notice]. [This period may be extended if the Inland Revenue enquire into your tax return.] *[Practitioners who retain records on behalf of clients will need to amend this paragraph.]*
- 7.2 Though certain documents may legally belong to you, we intend to destroy correspondence and other papers that we store which are more than seven years old, other than documents which we consider to be of continuing significance.
You must tell us if you require retention of a particular document.

8 Regulatory Requirements

- 8.1 We reserve the right to disclose our files to regulatory bodies in the exercise of their powers. *[Adapt as necessary and for firms who voluntarily undergo external peer review.]*

9 Quality of Service

- 9.1 We aim to provide a high quality of service at all times. If you would like to discuss with us how our service could be improved or if you are dissatisfied with the service you are receiving please let us know by contacting *[insert name]*.
- 9.2 We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. If we do not answer your complaint to your satisfaction you may take up the matter with the Association of Chartered Certified Accountants.

10 Fees

This is an example only – if fees are calculated on any other basis, for example a fixed amount or contingency fee, then different wording should be substituted.

- 10.1 Our charges are computed on the basis of fees for the time spent on your affairs (which depend on the levels of skill and responsibility involved) and disbursements incurred in connection with the engagement. [If work is required which is outside the scope of this letter, for example dealing with Inland Revenue enquiries into the tax return, then this will be a separate engagement for which additional fees will be chargeable.]

We will issue invoices at [monthly/quarterly/ six-monthly] intervals during the course of the year. We will add value-added tax, if applicable, at the current rate.

- 10.2 Our invoices are payable on presentation. We reserve the right to charge interest at [...] % per [month/year] [over base rate] in the case of overdue accounts. We may terminate our engagement and cease acting if payment of any fees billed is unduly delayed. However, it is not our intention to use these arrangements in a way which is unfair or unreasonable.

11 Limitation of Liability

Practitioners who wish to include provisions intended to limit their liability in the event of a claim by a client are strongly advised to take legal advice on this complex matter.

- 11.1 The advice which we give to you is for your sole use and does not constitute advice to any third party to whom you may communicate it.
- 11.2 We will provide the professional services outlined in this letter with reasonable care and skill. However, we will not be responsible for any losses, penalties, surcharges, interest or additional tax liabilities arising from the supply by you or others of incorrect or incomplete information, or from the failure by you or others to supply any appropriate information or your failure to act on our advice or respond promptly to communications from us or the tax authorities.
- 11.3 E-mail may be used to enable us to communicate with you. As with any other means of delivery this carries with it the risk of inadvertent misdirection or non-delivery. It is the responsibility of the recipient to carry out a virus check on any attachments received.

12 Electronic Communication

- 12.1 As Internet communications are capable of data corruption we do not accept any responsibility for changes made to such communications after their despatch. For this reason it may be inappropriate to rely on advice contained in an e-mail without obtaining written confirmation of it. All risks connected with sending commercially sensitive information relating to your business are borne by you and are not our responsibility. If you do not accept this risk, you should notify us in writing that e-mail is not an acceptable means of communication.

13 Applicable Law

- 13.1 This engagement letter is governed by, and construed in accordance with, [English] *[amend as appropriate]* law. The Courts of [England] will have exclusive jurisdiction in relation to any claim, dispute or difference concerning this engagement letter and any matter arising from it. Each party irrevocably waives any right it may have to object to any action being brought in those courts, to claim that the action has been brought in an inappropriate forum, or to claim that those courts do not have jurisdiction.

14 Data Protection Act 1998

- 14.1 To enable us to discharge the services agreed under this engagement, and for other related purposes including updating and enhancing client records, analysis for management purposes and statutory returns, crime prevention and legal and regulatory compliance, we may obtain, use, process and disclose personal data about you.

You have a right of access, under data protection legislation, to the personal data that we hold about you. For the purposes of the Data Protection Act 1998, the Data Controller in relation to personal data supplied about you is *[name]*.

15 Contracts (Rights of Third Parties) Act 1999

- 15.1 A person who is not party to this agreement shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this agreement. This clause does not affect any right or remedy of any person that exists or is available otherwise than pursuant to that Act.

16 Agreement of Terms

- 16.1 This letter supersedes any previous engagement letter for services and the period covered. Once agreed, this letter will remain effective from the date of signature until it is replaced. You or we may vary or terminate our authority to act on your behalf at any time without penalty. Notice of variation or termination must be given in writing.
- 16.2 We should be grateful if you would confirm your agreement to the terms of this letter by signing and returning the enclosed copy.
- 16.3 If this letter is not in accordance with your understanding of the scope of our engagement, please let us know.

Yours *[complete]*

[I/We] acknowledge receipt of your above letter dated *[complete]* which fully records the agreement between us relating to your appointment to carry out the work described in it.

Signed

Date

[Name]/For and on behalf of [company/partnership]

ANNEX E

Other Taxation Services

These paragraphs must be tailored to meet specific circumstances

For possible insertion at Annex A, paragraph 5

US Taxation

- 1 You have engaged us also to prepare your Federal [and State/and City] United States individual income tax return[s] commencing with the return[s] for the [200...] calendar year. We will prepare your Federal return and any State and City returns that you instruct us to prepare for your approval and signature. We will prepare the return[s] from information supplied to us either by you or others acting on your behalf and, therefore, you should ensure that information therein is correct and complete before you sign the return[s] and return [it/them] to us for submission.

Inheritance Tax

- 2 Following a request by you we will prepare any tax return that may be required for inheritance tax purposes based on information that you supply to us, which we will submit to the Inland Revenue once you have approved and signed it.

For possible insertion at Annex B , paragraph 5

Dividends, Payments Under Deduction of Tax and to Participators

- 3 We will complete, using information provided by you, return form CT61 regarding payments made to and by the company under deduction of tax. We will send the form CT61 to you for approval and signature and submission by you to the Inland Revenue. We will advise you of the amounts of income tax that are due, and the due date for payment and submission of the form. *[To be amended as appropriate if practitioner undertakes to submit form CT61 and remittance.]* You must inform us immediately if the company makes or receives any distributions, or receives or pays any interest or similar amounts under deduction of tax.
- 4 Where the company has made a loan to a participator such as a shareholder, tax is payable. We can be responsible for advising you of the tax payable only if you notify us of details of such loans before the end of the relevant accounting period.

For possible insertion at Annexes A, B and C, paragraph 5

Payroll and Year End Returns

- 5 We will maintain your payroll records, supply you with completed [weekly/monthly] [wages/salary] payslips for you to pass to employees [with their wages/salary cheques which you will draw], supply you with a completed Inland Revenue payslip for the PAYE and national insurance contributions for you to send to the Collector of Taxes with a cheque which you will draw, complete your year end return form P35 with forms P14 and P60 and supply you with the completed form P35 for signature and submission by you to the Inland Revenue with forms P14 and the forms P60 that you will pass to each employee.
- 6 In order to do this we need to comply with the Employer's Guide to PAYE: we will consider with you the detailed information that is required and the form in which it is to be provided.
[It is recommended that practitioners specify a standard format for the provision of information and a deadline by which it should be received.]

Forms P11D

- 7 We will complete forms P11D for the [directors and] higher-paid employees for approval and submission by you to the Inland Revenue. You will supply the form P11D information to your employees by the due date.

- 8 You agree to supply us with complete and accurate details of all benefits and expenses for the tax year (not the accounts year) within 14 days of the end of the tax year. *[It is recommended that practitioners specify a standard format for the provision of information.]*

Personal Service Companies (IR35)

- 9 We will advise on whether the company is subject to the personal services legislation on a contract by contract basis. You authorise us to seek an opinion from the Inland Revenue where we consider it appropriate. If there are contracts that we consider are within the personal services legislation we will calculate the deemed salary, prepare the corporation tax computations using the prescribed method, prepare and submit the supplementary forms P35 and P14 and advise you how much tax and national insurance to pay and by when and whether to pay any actual salary before the year end and if so how much.

Sub-contractors

- 10 We will operate the sub-contractors' tax deduction scheme for the sub-contractors you use. In order for us to do this, we need to comply with the Employer's Guide to PAYE – we will discuss with you the information that is required and the form in which it is to be provided. *[It is recommended that practitioners specify a standard format for the provision of information and a deadline by which it should be received.]*

VAT Compliance

- 11 Starting with the return period ending *[complete]* we will prepare return form VAT 100 from the records of your *[business/company]*. We will not audit or otherwise check the underlying records. When the VAT return has been completed from the information supplied, we will send you the return form within *[for example 10]* days of your making the records available to us *[with copies of our working papers]* for you to review. If you agree the return you should then sign and submit it to HM Customs and Excise together with the required payment. If you consider the return to be incorrect please consult us immediately.
- 12 We accept no responsibility for any default surcharge that may arise if the books and records are not available to us within *[for example 10]* days after the return period ends or the books and records prove to be incomplete or unclear, and in particular are not written up to the end of the period, thereby delaying the preparation and submission of the VAT return, or you fail to submit the return and any required payment to HM Customs and Excise on time after we have sent the return to you for signature.