TWP Accounting LLP: MTD ITSA Return Services

The purpose of this schedule to our engagement letter is to set out the basis on which we are to provide taxation services as your agents on the basis that you will make full disclosure to us of all relevant information.

1. Your responsibilities

1.1 You are legally responsible for making a correct return in respect of your annual tax liability, and it is essential that we as your agent are supplied with all relevant information.

1.2 You are no less responsible for errors in unapproved returns, submitted on the basis of the information provided to and processed by us, than if you had confirmed your approval of the returns.

1.3 It is your responsibility to ensure that your tax is paid on time and that your return is filed on time.

1.4 Self assessment requires full records supporting a return to be retained until the fifth anniversary of the 31 January following the end of the year assessment concerned. You will be responsible for retaining these records. Penalties of up to £3,000 may be imposed for non-compliance with these provisions.

1.5 You are responsible for monitoring its monthly turnover to establish whether you are liable to register it 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, 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 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 incur a late registration penalty as a result. The same applies for equivalent non-UK taxes.

1.6 You are responsible for employment taxes, pensions and the assessment of the employment status of your workers. 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.

1.7 Where we are keeping your digital accounts records you are responsible for providing us in a timely manner with the information required for us to prepare the records.

2 Our responsibilities

2.1 We shall prepare the quarterly updates required under Making Tax Digital for Income Tax. Once they have been approved by you we shall submit these to HM Revenue & Customs (HMRC).

2.2 We shall prepare, in respect of each accounting period, a computation of profits adjusted on the annual tax return in accordance with the Taxes Acts. Once they have been approved by you we shall complete the appropriate self assessment schedule.

2.3 We shall prepare on your behalf the necessary year-end tax return including a calculation of your tax liabilities from the information supplied by you. With your agreement we shall obtain some information direct from your bank, building societies etc.

2.4 We shall forward your return (together with copies of all supporting material we propose to submit to HMRC with your return) to you for written approval, as the legal responsibility for approval of the return cannot be delegated to others. At this stage we shall advise you as to your outstanding tax liabilities and the appropriate payment dates.

2.5 It is important to note that HMRC will charge interest on any tax paid late, and in some cases can increase any outstanding liability by imposing surcharges.

2.6 Furthermore, to avoid automatic late filing penalties, which start at £100, the final tax return must normally be submitted to the Inspector by 31 January following the tax year to which the return relates. This date may be extended if there is an HMRC delay in issuing the return to you.

2.7 It is therefore essential that you respond on a timely basis to any requests for further information to enable us to complete your return and submit it to HMRC on time.

2.8 We shall respond to any enquiries from HMRC arising from your tax return. We shall consult you if it becomes clear that HMRC are opening an enquiry. HMRC have the power to do this on a purely random basis. If you are selected for enquiry by the HMRC, we will agree separate terms of engagement. The supplementary engagement terms will include responsibilities and fees as appropriate.

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

2.10 We shall be pleased to give advice on the tax implications of specific matters which you may refer to us from time to time, such as national insurance, income tax deducted at source, employee benefits including pensions auto-enrolment, value added tax and inheritance tax. Such advice and / or assistance would also be subject to separate terms of engagement.

2.11 Where specialist advice is required on occasions we may need to seek this from or refer you to appropriate specialists.

3 LIMITATION OF LIABILITY

3.1 Our services as set out above are subject to the limitations on our liability set out in paragraph 13 of our standard terms and conditions of business. These are important provisions which you should read and consider carefully.