



## **SERVICE DESCRIPTION 2017**

### **PERSONAL TAX – INDIVIDUALS, SOLE TRADERS AND COUPLES**

This document should be read with the engagement letter and the terms of business.

#### **1.0 TAXATION SERVICES**

##### **1.1 Recurring compliance work**

- 1.1.1 We will prepare your self assessment tax returns together with any supplementary pages required from the information and explanations that you provide to us. After obtaining your approval and signature, we will submit your returns to HM Revenue & Customs (HMRC).
- 1.1.2 For sole traders, we will prepare your business accounts in accordance with generally accepted accounting practice from the books, accounting records and other information and explanations provided to us on your behalf.
- 1.1.3 We will calculate your income tax, national insurance contributions (NIC) and any capital gains tax liabilities and tell you how much you should pay and when. We will advise on the interest, penalty and surcharge implications if tax or NIC is paid late. We will also check HMRC's calculation of your tax and NIC liabilities and initiate repayment claims if tax or NIC has been overpaid.
- 1.1.4 Other than as regards tax credits (see below) we will advise you as to possible tax return related claims and elections arising from information supplied by you. Where instructed by you, we will make such claims and elections in the form and manner required by HMRC.
- 1.1.5 We will review PAYE notices of coding provided to us and advise accordingly.

##### **1.2 Ad hoc and advisory work**

- 1.2.1 Where you have instructed us to do so, we will also provide such other taxation ad hoc and advisory services as we may agree from time to time. These may be the subject of a separate engagement letter at our option. Where appropriate we will discuss and agree an additional fee for such work when you commission it. Examples of such work include:
- Advising on ad hoc transactions, preparing additional supplementary pages to your tax return and calculating any related liabilities;
  - Dealing with any enquiry opened into your tax return by HMRC;
  - Preparing any amended returns which may be required and corresponding with HMRC as necessary; and
  - Advising on the rules relating to and assisting with VAT registration.
- 1.2.2 Where specialist advice is required on occasions we may need to seek this or refer you to appropriate specialists.
- 1.3 Tax credits**
- 1.3.1 If we agree to advise you on tax credits we will issue a separate letter or service description to cover this area. Tax credits are, in effect, a social security benefit. Your entitlement or otherwise will depend not only on your own circumstances but also those of your household and we would require all relevant information to advise in this regard.

##### **1.4 Changes in the law**

- 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 or your circumstances.

1.4.2 We will accept no liability for losses arising from changes in the law or the interpretation thereof 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) Ensuring that your self assessment tax returns are correct and complete;
- (b) Filing any returns by the due date; and
- (c) Paying any tax due on time.

Failure to do this may lead to automatic penalties, surcharges and/or interest.

Taxpayers cannot delegate this legal responsibility to others. You agree to check that returns that we have prepared for you are complete before you approve and sign them.

1.5.2 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 this information and related documents being true, correct and complete and we will not audit the information or those documents;
- (c) To authorise us to approach such third parties as may be appropriate for information that we consider necessary to deal with your affairs; and
- (d) To provide us with information in sufficient time for your tax return to be completed and submitted by the due date following the end of the tax year. In order that we can do this, we need to receive all relevant information a minimum of one month beforehand. Where feasible we may agree to complete your return within a shorter period but may charge an additional fee for so doing.

1.5.3 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 or not please let us know so that we can assess the significance.

1.5.4 You will forward to us HMRC statements of account, copies of notices of assessment, letters and other communications received from HMRC in time to enable us to deal with them as may be necessary within the statutory time limits. Although HMRC have the authority to communicate with us when form 64-8 has been submitted or when we have completed the online agent authorisation process, it is essential that you let us have copies of any correspondence received because HMRC are not obliged to send us copies of all communications issued to you.

1.5.5 Sole traders are responsible for monitoring your own 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 VAT registration threshold, and 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 exceed 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.

## **1.6 You and your spouse/partner**

1.6.1 If we act for your spouse / partner, we will issue a separate engagement letter to them. Where requested, we shall 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. If you wish to make any change to these arrangements at any time, please let us know.

## **2.0 LIMITATION OF LIABILITY**

2.1.1 Our services as set out above are subject to the limitations on our liability set out in the engagement letter and in paragraph 19 and 20 of our terms of business.

## **3.0 PERIOD OF ENGAGEMENT**

3.1.1 The period of engagement is stated in the engagement letter. We will not be responsible for earlier periods. You or your previous advisers will deal with outstanding matters relating to earlier periods.

3.1.2 This documents supersedes any previous Service Description agreed for the period covered. Once agreed, this document will remain effective from the date of signature of the engagement letter until it is replaced. You or we may agree to 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.

## **4.0 PAYE SERVICE**

4.1.1 We offer a monthly or annual PAYE service for employers for whom we provide a service for the annual accounts or tax return. The PAYE service includes:

- registering as your agent for PAYE
- taking account of any PAYE coding notices issued by HMRC
- agreeing a salary plan for each employee at the start of the tax year
- advising you of the cut off dates for our monthly payroll runs
- applying for a dispensation where this will reduce reporting requirements for expenses and benefits
- calculating the PAYE and NIC deductions
- providing payslips in good time for you to make payments on the last day of each month (or in March for annual schemes)
- making a Full Payment Submission (FPS) online to HMRC on or before the relevant pay date in line with the salary plan unless you tell us otherwise
- submitting an Employer Payment Submission (EPS) to HMRC where appropriate (e.g. to confirm that no payments are made)
- advising you of PAYE and NIC that is due

4.1.2 At the end of the year we will:

- prepare the final FPS (or EPS) and P11Db including employer annual declarations and submit this after you have confirmed the data to be included
- prepare and send to you form P60 (and P11D if required) for each employee

4.1.3 For auto enrolment clients we will:

- guide you through the requirements and your initial timetable
- set up a scheme on your behalf with NEST, the workplace pension set up by the government, or with another scheme by arrangement
- review your payroll data and advise on the status of your employees as you approach your staging date and on an ongoing basis, from the data that you supply to us
- provide you with template letters to help you to comply with the requirements for you to communicate with employees
- process employee and employer auto enrolment contributions according to data provided by you and by your staff

- update NEST (or other scheme by arrangement) with details of pension contributions
  - provide you with detail of employee and employer contribution payments that you will need to make
- 4.1.4 You are responsible for:
- providing initial information on request and agreeing the initial salary plan
  - providing full and accurate information – we will not check or audit the information that you give to us
  - advising us promptly of changes such as of a new employee or new benefits provided (including telling us within one month of any change to a company car)
  - seeking our advice on any change that may affect the payroll, where you are unsure
  - giving us as much notice as possible of any change to the salary plan
  - telling us about any expenses payments that the company makes including where the company pays for any business entertainment expenses and any benefits that it provides to employees such as making a company asset available for private use by a director or other employee or paying private medical insurance
  - making such PAYE payments for the company as we advise are due, by the due date (failure to do so may incur penalties and interest).
- 4.1.5 Auto enrolment clients remain responsible for:
- Providing The Pensions Regulator with a named contact from your organisation, to be responsible for auto enrolment
  - All communications with employees
  - Making all pension contribution payments
  - Selecting a pension scheme suitable for the needs of your employees.
- 4.1.6 You authorise us to communicate with HMRC on your behalf including to notify them of any errors that we become aware of.
- 4.1.7 We will only check the accuracy of employee PAYE codes if we are engaged for their personal tax compliance work.

## **5.0 TAX INVESTIGATION FEE PROTECTION SERVICE**

- 5.1.1 We strongly recommend our clients to take out our tax investigation fee protection scheme, if you don't already have cover through your business insurance. This can significantly reduce your financial burden if you are subject to an investigation by HMRC. The scheme includes a business support helpline.
- 5.1.2 Since the Finance Act 2008 passed into law, HMRC has far greater powers and has increased the number and scope of its investigations. If HMRC should make an enquiry or investigate your affairs we will work hard on your behalf to secure a favourable outcome. But this typically takes a lot of time and even if no extra tax is due, our fees can be very significant.
- 5.1.3 For a small annual subscription, the scheme will provide you with the equivalent of up to £75,000 worth of our time in the event of a written intervention by HMRC. This means we can spend as much time as necessary to get the best result for you without you needing to worry about the expense.
- 5.1.4 The scheme includes a business support helpline providing telephone access to specialists in employment and health and safety law. We provide you with a scheme number to access this service.
- 5.1.5 If you receive notice that HMRC intends to look into any aspect of your financial affairs, please contact us immediately. If you have taken out the fee protection scheme, we will communicate with HMRC on your behalf and do whatever we can to ensure the outcome is as favourable to you as possible. We will not bill you for the professional fees of dealing with your investigation as they will be covered under the scheme. A leaflet and summary of

service explain more detail including exclusions; please familiarise yourself with the exclusions before accepting the cover.

5.1.6 Unless you decline, we will take out the scheme on your behalf and will add the cost to our fee note. The cost and an explanation of how to decline the service are described in our covering engagement letter. Our cover runs annually from May but we will renew to ensure continuous cover for a period of one year from the date that you accept the terms of our engagement.

## **6.0 ACCOUNTING SOFTWARE**

6.0.1 We will agree a billing schedule for accounting software, default being:

- i. Regular charges - in advance on take up then every 6 months in March and September
- ii. Volume charges – 6 months in arrears in March and September

6.0.2 We will invoice supplier's standard monthly rates in advance (gross of any discounts for which we are eligible), plus volume charges in arrears according to the suppliers usual rates as they advise to us. We are eligible for supplier discounts that are generally between 5% and 20% but we may sometimes obtain a better deal by subscribing for special offers. We sometimes pass our discounts onto clients at our discretion.

6.0.3 You are liable to continue to pay for your accounting software until we have completed the year end work each year, unless you have made alternative arrangements as you advise to us in good time for switching. We will make best endeavours to complete work in a timely manner should you wish to cease using your software but we cannot guarantee finishing to a particular timetable.

6.0.4 Where you cease to be a client you may continue with the software and keep your data but the supplier may increase the charges.

This document supersedes any previous Service Description agreed for the period covered.

Approachable Accountants  
29 March 2017