



SCHEDULE 5B

VAT RETURNS

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

1 RESPONSIBILITIES AND SCOPE FOR MAKING TAX DIGITAL (MTD) VAT RETURN SERVICES

1.1 Initial registration

- 1.1.1 If required, 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 use. This may result in changes including changes to deadlines. You will complete HMRC's sign up process to enable submission of your VAT return.
- 1.1.2 If we are not already authorised, you will need to authorise us as an agent on the HMRC portal using your Business Tax Account. This is completed online and you will need your relevant official 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.

1.2 Recurring compliance work

- 1.2.1 We will prepare or review (as instructed) your UK MTD for VAT returns at frequencies instructed by you on the basis of the information and explanations supplied by you.
- 1.2.2 If instructed, 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.
- 1.2.3 Unless you have instructed us to keep the accounting records on your behalf, we will not check the digital accounting records which you keep to meet the requirements of MTD for VAT and which you provide to us for preparation of the MTD for VAT returns. You may be required to provide us with your data digitally and we will tell you when that is the case. If your software is incompatible with ours we will agree with you an appropriate solution which might include the use of alternative third party functionally compatible software, or spreadsheets which satisfy the statutory requirement for digital linkage. Where your digital records are incompatible with our software we may require an additional fee. You must also provide us with confirmation that your digital records are complete and accurate.
- 1.2.4 Based on the information you provide to us we will tell you how much VAT you should pay and when. Where appropriate we will initiate repayment claims if tax has been overpaid.

We will advise on the interest and penalty implications if UK VAT is paid late.

- 1.2.5 Where appropriate, we will include import VAT from any digital import certificates (postponed VAT accounting) and/or C79s we receive from you.
- 1.2.6 Where appropriate we will calculate the partial exemption annual adjustment.
- 1.2.7 Where appropriate we will calculate the annual Capital Goods Scheme adjustment.
- 1.2.8 We are not responsible for considering or applying for any of the exemptions from MTD for VAT. However, if you feel that you are eligible for exemption, please let us know. We are happy to discuss this and may correspond with HMRC on your behalf if needed, or we can guide you on whom you should contact for this. This may be subject to an additional fee.
- 1.2.9 If instructed, we will advise you of any relaxations applicable in relation to the digital records of supplies made and received. Where the requirements are impossible, impractical or unduly onerous we will seek to reach an agreement with HMRC on specific relaxation. This will be subject to an additional fee.
- 1.2.10 We will submit the MTD for VAT return data online to HMRC on the basis of the data provided by you, or after the data to be included therein has been approved by you if you instruct us to do this.
- 1.2.11 Where applicable we will agree with you any supplementary information to be submitted on a voluntary basis with the MTD for VAT returns prior to submission.

1.3 Excluded, ad hoc and advisory work

- 1.3.1 The scope of our services provided to you will be only as set out above and all other services which we may offer are excluded. If you instruct us to do so, we will provide such other taxation, ad hoc and advisory services as may be agreed between us from time to time. These services will be subject to the terms of this engagement letter and terms of business unless we decide to issue a separate engagement letter. An additional fee may be charged for these services. Examples of such work that you may wish to instruct us to undertake include:-
 - (a) reconciling VAT outputs with turnover;
 - (b) advising on ad hoc transactions;
 - (c) reviewing and advising on a suitable partial exemption method to use in preparing the return;
 - (d) dealing with all communications relating to your MTD for VAT returns addressed to us by HMRC or passed to us by you;
 - (e) processing import and export declarations including deferred import entries that require postponed VAT accounting (unless otherwise advised we assume that these are handled by you or your customs agent);

- (f) making recommendations to you about the use of cash accounting, annual accounting, flat rate and other suitable methods of accounting for VAT;
- (g) making recommendations to you about the use of the VAT One Stop Shop (OSS) Union and/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;
- (h) advising on the VAT liability of supplies of goods or services to consumers outside Great Britain;
- (i) providing you with advice on VAT, Excise Duty, Customs Duty, Landfill Tax, Insurance Premium Tax, Aggregates Levy, or Climate Change Levy;
- (j) work required to rectify the position where your software is incompatible with our software; and
- (k) 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.

1.4 Your responsibilities

1.4.1 In addition to your responsibilities as set out in the terms of business, you are legally responsible for ensuring that:-

- (a) your returns are correct and complete and in an appropriate digital format and capture the appropriate level of data;
- (b) your record keeping is compliant with the new requirements for the digital recording and transfer of data.

Failure to do any of these may lead to penalties, surcharges and/or interest.

1.4.2 To enable us to carry out our work, you agree:-

- (a) that you are responsible for ensuring that the information provided is, to the best of your knowledge, accurate and complete and that all digital links are in the manner prescribed: the returns are prepared or reviewed (as instructed) solely on the basis of the information provided by you and we accept no responsibility for any liabilities arising due to inaccuracies, omissions or breakdowns in digital links concerning the information that you provide which may lead to a misdeclaration on which penalties and interest may arise;
- (b) to provide us with all the records relevant to the preparation of your returns as soon as possible after the return period ends. We would ordinarily need a minimum of five working days before submission to complete our work. If the records are provided later or are incomplete or unclear, thereby delaying the preparation or review (as instructed) and submission of the return, we accept no responsibility for any 'default surcharge' penalty that may arise; if feasible we may agree to complete your return within a shorter period but may charge an additional fee for so doing; and
- (c) to inform us that you have made the tax payment based on your calculated return.

1.5 Limitation of liability

- 1.5.1 Our services as detailed above are subject to the limitations on our liability set out in the engagement letter. These are important provisions, which you should read and consider carefully.