



## **SCHEDULE 6B**

### **TAXATION - ESTATES**

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

#### **1 RESPONSIBILITIES AND SCOPE FOR ESTATE TAX SERVICES**

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

- 1.1.1 We will prepare the estate's self assessment tax returns, together with any supplementary pages required and all inheritance tax returns required from the information and explanations that you provide to us. After obtaining evidenced approval from the nominated trustee or other nominated person on behalf of all the trustees, we will submit your returns to HMRC.
- 1.1.2 Where instructed by you we will maintain the accounting records of the estate on your behalf from the information and explanations provided to us by you, or by others on your behalf, for the purposes of preparing the estate accounts and tax returns.
- 1.1.3 Where instructed by you we will prepare the income and expenditure and capital accounts, together with a balance sheet if required, of the estate from the accounting records and other information and explanations provided by you or by others on your behalf, and will obtain your approval of the accounts.
- 1.1.4 We will not be carrying out any audit work as part of this assignment, and accordingly will not verify the assets and liabilities of the trust, nor the items of income and expenditure. To carry out an audit would entail additional work to comply with International Standards on Auditing so that we could report on the truth and fairness of the financial statements. We would also like to emphasise that we cannot undertake to discover any shortcomings in your systems or irregularities on the part of your employees.
- 1.1.5 We will calculate the income tax, capital gains tax and inheritance tax liabilities of the estate and will advise you how much you should pay and when. Where instructed by you we will advise you on the interest and penalty implications if tax is paid late. We will also check HMRC's calculations of the tax liabilities and initiate repayment claims if tax has been overpaid.
- 1.1.6 We will advise you on possible tax-return-related claims and elections arising from information supplied by you. If instructed by you we will make such claims and elections in the form and manner required by HMRC.
- 1.1.7 If the terms of the will require income or capital payments to be made to the beneficiaries,

we will assist you in preparing all necessary forms relating to such payment.

1.1.8 Under anti-money laundering legislation trustees are obliged to maintain accurate and up-to-date records in writing of beneficial owners and report specified information about the trust to HMRC.

1.1.9 We will advise the trustees whether or not the trust is obliged to register details of its beneficial owners and associated information. Provided that information is supplied within 30 days of the deadline we will register the trust within the time limits required. Any changes to trust details should be notified as soon as you are aware of them.

## **1.2 Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS)**

1.2.1 International Tax Compliance Regulations 2015 require the trust to determine whether it is a Financial Institution (FI) or a passive or active Non-Financial Foreign Entity (NFFE). If the trust is a Financial Institution, it must register with the US Internal Revenue Service (IRS) and file annual returns with HMRC.

1.2.2 Similar arrangements have or will come into force with more than 90 other countries. This is, or will be, based on Common Reporting Standards (CRS).

1.2.3 You will be solely responsible for compliance with the International Tax Compliance Regulations 2015 as a result of the USA Foreign Account Tax Compliance Act (FATCA).

1.2.4 You will be responsible for compliance with these regulations and any obligations arising from the Common Reporting Standards, including the initial categorisation, registration of the trust with the IRS (or other applicable authority) and the filing of annual returns with HMRC.

## **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) advising on whether trusts – including any non-taxable trusts – should be registered on HMRC's trust registration service;

(b) advising on the in-year Capital Gains Tax (CGT) reporting requirements on disposals of property, and preparing the in-year return and calculating the CGT due where required. We will require you to provide information as early as possible in advance of exchange of contracts in order to provide advice on the tax implications, reporting requirements and to quantify the tax bill;

(c) advising you of the occasions of charge to inheritance tax, the basis of the charge and when the tax liability is due for payment;

- (d) advising on ad hoc transactions (for example pre-transaction advice on the sale or purchase of assets held by the estate) and queries (including telephone conversations), preparing and submitting information in the relevant format to HMRC and calculating any related tax liabilities;
- (e) advising on double tax relief if appropriate;
- (f) dealing with any enquiry opened into the estate's tax returns by HMRC; and
- (g) dealing with any enquiries and/or assessments raised by HMRC in relation to inheritance tax.

#### **1.4 Your responsibilities**

- 1.4.1 In addition to your responsibilities as set out in the terms of business, as executors you have legal responsibility for ensuring that the estate is recorded on HMRC's Trust Registration Service.

Failure to do any of the above may lead to penalties and/or interest.

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

- (a) to advise us of distributions made within 30 days of such an event;
- (b) to provide full details of all UK residential property disposals including associated costs/valuations prior to disposal. Where you consider that you or the trustees will be non-UK resident in the tax year of disposal, or the deceased was non-resident at the date of death, full details of all UK property disposals (residential and non-residential) and disposals of shares in UK property-rich companies, UK property-rich collective investment vehicles, or such other entities, must be advised prior to exchange of contracts or agreement to transfer shares or units. If information is received after this, we cannot guarantee that we can provide advice on the amount of capital gains tax due or submit an in-year return within 60 days of the completion of the disposal; and
- (c) where applicable to provide us with records of receipts and payments, records of invoices issued and received, and all other information to enable us to prepare income and expenditure and capital accounts.

- 1.4.3 You are reminded that under the Trustee Act 2000 it is your responsibility to regularly review the trust investments and to have a clear investment policy.

#### **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.