

# 2G - VAT RETURNS

## SCHEDULE OF SERVICES

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

### 1. RESPONSIBILITIES AND SCOPE FOR VAT RETURN SERVICES

#### 1.1. Recurring compliance work

1.1.1. We will prepare your monthly/quarterly/annual UK VAT returns Intrastat returns, EC Sales Lists, mini one-stop shop (MOSS) returns, as appropriate, on the basis of the information and explanations supplied by you.

1.1.2. 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.

1.1.3. Where appropriate, we will calculate the partial exemption annual adjustment. This annual adjustment will normally be made in the last quarter ending in the tax year for partial exemption purposes ends.

1.1.4. Where appropriate, we will calculate the annual Capital Goods Scheme adjustment.

1.1.5. We will forward to you the completed return calculations for you to review, before you approve the UK VAT return for onward transmission by us to HMRC.

#### 1.2. Ad hoc and advisory services

1.2.1. 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 may be the subject of a separate engagement letter at our option. Where appropriate, we will agree with you a separate fee for any such work you instruct us to undertake. 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 UK VAT returns, Intrastat returns, EC Sales List returns, MOSS returns addressed to us by HMRC or passed to us by you;
- e) making recommendations to you about the use of cash accounting, annual accounting, flat-rate and other suitable methods of accounting for VAT;
- f) making recommendations to you about the use of MOSS (mini one-stop shop) if you supply digital services to consumers in the EU; and
- g) providing you with advice on VAT.

1.2.2. If specialist advice is required, we may need to seek this from, or refer you to, appropriate specialists.

### 1.3. **Changes in the law, in practice or in public policy**

1.3.1. 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, practice or public policy or in your circumstances.

1.3.2. We will accept no liability for losses arising from changes in the law (or the interpretation thereof), practice or public policy that are first published after the date on which the advice is given.

### 1.4. **Your responsibilities**

1.4.1. You are legally responsible for:

- a) ensuring that your returns are correct and complete;
- b) filing any returns by the due date; and
- c) paying tax on time.

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

1.4.2. Legal responsibility for approval of the return cannot be delegated to others. You agree to check the returns that we have prepared for you are correct and complete before approving them.

1.4.3. 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.

1.4.4. To enable us to carry out our work, you agree:

- a) that all returns are to be made on the basis of full disclosure;
- b) that you are responsible for ensuring that the information provided is, to the best of your knowledge, accurate and complete; the returns are [prepared] [reviewed] solely on the basis of the information provided by you and we accept no responsibility for any VAT liabilities arising due to inaccuracies or omissions in the information that you provide which may lead to a misdeclaration on which penalties and interest may arise;
- c) to authorise us to approach such third parties as may be appropriate, for information we consider necessary to deal with the returns; and
- d) 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 7 days before submission to complete our work. If the records are provided later or are incomplete or unclear, thereby delaying the preparation/review 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. (EC Sales Lists (21 days) and MOSS returns (20 days) have tighter submission deadlines than the normal UK VAT returns.)

1.4.5. You will keep us informed of material changes in circumstances that could affect your VAT obligations. If you are unsure whether the change is material or not please tell us so that we

can assess its significance.

- 1.4.6. If you are voluntarily registered for VAT we will discuss with you to decide whether it is appropriate for you to enter Making Tax Digital for VAT. Even if you decide to remain outside of Making Tax Digital for VAT, you are still responsible for monitoring your taxable turnover. When your taxable turnover exceeds the VAT registration threshold you will have to start to comply with Making Tax Digital for VAT and we will issue an updated engagement letter
- 1.4.7. You will forward to us HMRC statements of account, copies of notices of assessment, letters and other communications received from HMRC, in sufficient 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, 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.
- 1.4.8. You are responsible for bringing to our attention any errors, omissions or inaccuracies in your VAT returns that you become aware of after the returns have been submitted in order that we may assist you to make a voluntary disclosure.
- 1.4.9. If you are involved with any other business which is not registered for VAT, you are responsible for monitoring your 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 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.
- 1.4.10. If you provide digital services to consumers in the EU, you are responsible either for registering for VAT in that member state, or for registering for VAT Mini One Stop Shop (MOSS) in the UK.
- 1.4.11. If EC Sales Lists need to be completed, you are responsible for obtaining all of your customers' VAT registration numbers in other member states and to check with HMRC any numbers that you are not completely satisfied with.