

Engagement letters for tax practitioners

Issued on 2 May 2018 (Updated for a limited number of technical points on 3 March 2026)

A document by a collaborative working party with ATT, CIOT, ACCA and AAT

The application of engagement letters, guidance notes to the appendices, covering letter, privacy notice, schedules of services, standard terms and conditions of business and disengagement letter wording **are examples only**.

Engagement letters set out the terms under which a practitioner works with clients, and define the contractual responsibilities that each has to the other. The terms which offer practitioners the best protection will depend on the circumstances of each, and the work that is agreed to be provided. Equally, the extent to which those contractual terms will be enforceable given, for example, 'unfair contract terms', depends on similar considerations.

A practitioner offering services to a client is subject to specific legislation, eg data protection. Contracts between a practitioner and their client offers evidence of the relationship between the parties which may affect how that legislation applies, but a contract cannot override statute law. For these and similar reasons, it is impossible to provide template engagement letters which offer the practitioner total protection or cover all circumstances equally. We have advice from counsel expressing concerns on this point. Nevertheless, we believe it is in the interests of practitioners to have draft engagement letters available, on the basis of which, considering the guidance in this document and other guidance available, their own circumstances, the relationship and work commitment with clients, they can draft appropriate contractual terms.

The Engagement letters, incorporating Counsel's comments, are set out in the following pages and we have attempted to reflect the detailed advice received.

Please note that the limited technical changes included in 2026 have not been reviewed by Legal Counsel whose advice was taken on the 2018 version.

While every care has been taken in the preparation of the application of engagement letters, guidance notes to the appendices, covering letter, privacy notice, schedules of services, standard terms and conditions of business and disengagement letter wording, CIOT and ATT and all those involved in the preparation and approval of this guidance do not accept any responsibility for any loss occasioned by reliance on the aforementioned documents. Template documents cannot and should not be taken as a substitute for appropriate legal advice.

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Engagement letters: guidance

FOREWORD

This guidance is issued only for use by members of the Chartered Institute of Taxation, the Association of Taxation Technicians, the Association of Chartered Certified Accountants, and the Association of Accounting Technicians. It may not be relied on or published by any other body for any other purpose without the prior written permission of the joint working party, which is made up of representatives from these professional bodies.

INTRODUCTION

1. This guidance is based on the law of England and Wales and on practice and procedures in the UK. Those giving advice in other jurisdictions or governed by other legal or regulatory systems should take appropriate steps to ensure that they comply with any additional relevant requirements. Please refer to the guidance notes to the appendices paragraphs 49 to 51.
2. This guidance to tax practitioners about engagement letters for tax work supersedes all previous editions and is based on the law as at 3rd March 2026. A member should be satisfied that there have been no subsequent changes that impact on how this guidance applies to their particular facts and circumstances since publication.
3. This guidance has been developed by the Chartered Institute of Taxation, the Association of Taxation Technicians, the Association of Chartered Certified Accountants, and the Association of Accounting Technicians.
4. The engagement letter pack comprises the following documents:
 - covering letter
 - schedules for various specific services
 - standard terms and conditions of business
 - privacy notice
 - cancellation notices for consumers

Whenever sending engagement letter documents a practitioner must tailor them to meet individual circumstances.

5. When sending an initial engagement letter to a client, all of the above documents should be considered for inclusion. When undertaking additional services, a practitioner can tailor the letter and include the additional schedule on its own. A new covering letter can be issued to inform a client of a change to the fees or a change to the terms and conditions. It is not necessary to send all of the documents in these circumstances.

6. A practitioner should also consult all their professional body's professional rules and practice guidelines on engagement matters to ensure they comply fully with those requirements. The CIOT and ATT strongly recommend that their members issue engagement letters to their clients.
7. This guidance does not cover engagement letters for statutory audits, insolvency work or regulated investment business.
8. 'Engagement letter' in this guidance means the covering letter (Appendix Aa), the privacy notice (Appendix Ab), the schedule(s) of services (Appendices B1-14) and the standard terms and conditions of business (Appendix C). There is also a letter of disengagement (Appendix D).
9. Since anti-money laundering (AML) obligations should be satisfied before a practitioner agrees to act for a new client, they are not covered here. For guidance on the responsibilities and obligations under AML legislation, see the Anti-Money Laundering Guidance for the Accountancy Sector (AMLGAS), which was previously known as the CCAB guidance, together with the Appendix for Tax Professionals: [CIOT Anti-Money Laundering Guidance](#) and [ATT Anti-Money Laundering Guidance](#).
10. In addition, a practitioner must be aware of their obligations under Professional Conduct in Relation to Taxation see the [CIOT website](#) and the [ATT website](#).
11. A practitioner acting for individuals in relation to their individual tax affairs should check whether they fall within the obligations of [The Consumer Contracts \(Information, Cancellation and Additional Charges\) Regulations 2013](#). (See Guidance Notes for Appendices at paragraphs 36-42). A practitioner should also be aware of the provisions of the [Consumer Rights Act 2015](#), a consolidating act bringing together the existing obligations owed to consumers. Chapter 4 restricts the ways in which a practitioner can exclude or limit liability to consumers and, ~ importantly, makes clear that anything said or written to the client before the engagement is entered into may be implied into the contract as a term of it.
12. A practitioner must be aware of their requirements under the [Data Protection Act \(DPA\) 2018](#) and the [UK General Protection Regulation \(UK GDPR\)](#).
13. A practitioner must also be aware of the requirements under [The Payment Services Regulations 2017](#) and ensure they are not undertaking payment services for clients without the proper authorisation. These engagement letters have not been prepared on the basis that a practitioner is offering these services and specialist advice should be taken where client accounts are operated in this way.
14. These templates do not reference all sources of guidance. A practitioner is advised to review guidance issued by regulators for example for UK GDPR refer to the ICO website (www.ico.org.uk).
15. A practitioner must review and amend the letters to meet the requirements of their own professional practice. Many large accountancy and tax practices arrange with their legal advisers for bespoke letters to be prepared and practitioners must consider whether that is the more appropriate approach in relation to their own practice.

16. We have colour coded sections within this guidance to assist members when using the documents. Text which appears in green and red requires amendment:

- a. **Green text** relates to wording which should only need to be changed once for your firm's standard documents.
- b. **Red text** relates to wording which will need to be considered for each client.

STATUS OF THE ENGAGEMENT LETTERS

1. An engagement letter for tax work is a written agreement which defines the business relationship between a practitioner and their client. It defines the terms and limitations of the engagement which is agreed with the client.
2. The engagement letter can be used to manage clients' expectations and can provide significant protection to a practitioner against potential claims. An engagement letter provides evidence of what was agreed in the event of a dispute as to the scope and purpose of advice and support within the practitioner's engagement or where there are allegations of professional negligence. Professional indemnity insurers regard the failure to issue engagement letters as an increased risk, which may raise the premium.
3. It is important that the terms are clear and precise.
4. We recommended that an engagement letter includes a covering letter, one or more schedules setting out clearly the nature of the services to be provided, a statement of a practitioner's standard terms and conditions and a copy of the firm's privacy notice. Examples of these documents are given in the Appendices.
5. Whenever sending engagement letter documents a practitioner must tailor them to meet individual circumstances, including amending, deleting or accepting wording in square brackets, highlighted in red. Legal opinion or support should be sought where required to tailor the draft template documents.

APPLICATION OF ENGAGEMENT LETTERS

1. Engagement letters should be issued to the client at the outset of an engagement and also when the scope of services changes significantly. New letters or revised schedules may be needed if, for example, there are changes to the standard terms and conditions, to the scope of services or to the basis for charging fees.
2. Typically, an engagement letter will comprise:
 - A covering letter with a Privacy Notice and possibly a separate fee schedule
 - Schedules of Services
 - Standard Terms and Conditions of Business

Where a new service is provided a practitioner will typically need to issue a new Schedule of Service and a tailored covering letter, an updated fees schedule (where relevant) and an updated Privacy Notice (where relevant), and refer again to the business standard terms and conditions. As a reminder, under [UK GDPR](#), a practitioner has to tell their client if the purpose or lawful basis of processing their data has changed. Whenever sending engagement letter documents a practitioner must tailor them to meet individual circumstances, including amending, deleting or accepting wording in square brackets, highlighted in red or highlighted in green (see paragraph 16 of the introduction above in relation to the colour coding). As highlighted, legal Counsel has misgivings in relation to the provision of template wording, and legal opinion or support should be sought where required to tailor the draft template documents.

3. We strongly recommended that engagement letters are reviewed annually.
4. A separate engagement letter should be issued for each client to whom a service is provided unless it is agreed otherwise. For example, separate letters should be issued if a practitioner provides tax services to both:
 - an individual and their spouse;
 - an individual and their civil partner;
 - an individual and, following that person's death, the personal representatives administering the deceased's estate;
 - a partnership and the individual partners;
 - a company and its shareholders;
 - a company and its directors;
 - a company and its employees where, for example, a bulk tax return service is provided;
 - and
 - the trustees of a settlement and its beneficiaries.

Where providing a service to multiple parties, a practitioner must be aware of their obligations to act objectively, and safeguard confidentiality, as set out in Professional Rules and Practice Guidelines (PRPG) see the [CIOT website](#) and [ATT website](#).

5. We do not recommend that only one engagement letter is issued to cover both spouses/partners. If a practitioner does need to issue one engagement letter to cover both spouses/partners, a practitioner should ensure both parties understand the scope of services provided. Where relevant, a **practitioner should advise each spouse to review and approve their own tax return and obtain evidence of approval, or take steps to verify the consent where provided by one party.** However, a practitioner may tailor the following paragraph for inclusion in the covering letter and consider whether amendments are required to other paragraphs:

[If you both are in agreement with the terms of our appointment as your taxation advisers, as set out in this engagement letter, the schedule[s] of services and the standard terms and conditions, you must both sign the enclosed copy letter and return it to us. If not, or if you require further information or clarification, please contact [.....]. Please note that where both spouses have signed this letter it is understood that each spouse will still review and approve their own individual tax returns and other documents, and that they have given authority to the other spouse to pass on confirmation of their approval to us.]

6. If the status of a practitioner alters, for example from sole practitioner to partnership or limited liability partnership or limited company or vice versa, new engagement letters should be issued to all clients concerned.
7. If the client incorporates, merges or demerges or converts to a limited liability partnership, a new engagement letter is needed to establish the terms of the business relationship with the new entity.
8. When acting for a group of companies it may be more practical to send a single engagement letter to the parent company of the group. The letter should specify clearly that services to all the member companies of the group are covered. If this approach is adopted, a practitioner should check that the parent company has the authority to bind all companies of the group. It is important to define and list the members of the group and to put the onus on the client to advise promptly of changes in the membership of the group. The same principles apply when acting for a network of partnerships.
9. If a composite letter is used, as described in paragraph 8, then it should set out what would happen should there be a dispute between the clients who have signed that letter and in particular, where ultimate liability for payment of a practitioner's fees will lie. This should include whether the adviser reserves the right to continue to act for one or more of the clients in the absence of a conflict, and in particular make clear either that liability for fees is joint and several, or alternatively as to the clients responsible for the payment of fees.

Advising changes to standard terms through a practitioner's website or alternative digital location

10. Terms of engagement can only be varied by agreement; it is not enough just to place an update on a website or alternative digital location. In the event of a dispute a practitioner would be unable to prove acceptance of those revised terms if there is no overt act of the client that can reasonably be interpreted as acceptance of those terms. Only if it can be shown that the revised terms have come to their attention will any further instructions or communications from the client

be evidence of acceptance. Courts will not generally favour an approach whereby, without an opportunity to see and comment on them, a client is fixed with new terms that may be disadvantageous. The court is likely to think it unrealistic that a client will regularly consult a website or alternative digital sources for updates. However, there may be minor terms that can reasonably be updated by communication on the website or alternative digital location, provided that the engagement letter states that there will be variations brought into effect by publication on the website or alternative digital location.

11. It is recommended that practitioners communicate with each of the clients informing them of the existence of new terms, stating that they are to be found on the website or alternative digital location and asking for confirmation of their acceptance. If obtaining confirmation is impracticable, it may be sufficient, although less secure, to state that any work instructed after receipt of the communication notifying changes will be treated as carried out under the new terms and conditions.
12. While it is important to advise the client of changes to terms and conditions, fees etc, it is not necessary to send the full set of appendices to the client every time a change is made.

GUIDANCE NOTES TO THE APPENDICES

These guidance notes follow the order of the Appendices and their content.

THE COVERING LETTER (Appendix Aa)

1. The covering letter should be produced using the firm's branding and house style. A sole practitioner should personalise references to 'us'/'our'/'the firm'. Where the letter is not addressed to an individual client it should be addressed as appropriate to the directors of a company, partners in a partnership, trustees of a trust or members of a limited liability partnership.

Who we are acting for

2. For clients other than individuals, it is important to be clear who within the client's organisation has the authority to give instructions for work to be undertaken and who is the authorised signatory. This also applies where a composite letter has been issued. See also paragraph 9 above.

Period of engagement

3. The covering letter should state the date the engagement is to start. The period such as the tax year or the accounting period, in respect of which the first work will be undertaken, should also be stated.
4. The letter should specify when any advisory services will begin. Where it is agreed that a previous practitioner will complete work relating to prior years, the respective responsibilities need to be clear to avoid any dispute.

Scope of services

5. If a practitioner agrees to carry out additional work after issuing an engagement letter, a new engagement letter or updated schedules should be issued unless the additional work is covered by the ad hoc and advisory section of the original engagement letter.
6. A practitioner may also wish to include a paragraph setting out the other services available to clients.

Automatic exchange of information (AEOI), including Foreign Account Tax Compliance Act (FATCA) and the Common Reporting Standard (CRS)

7. If a practitioner agrees to undertake work in this area, they should use the relevant schedule included at Appendix B4b **and** amend the relevant paragraph in the covering letter. Not all clients or entities will be within the scope of FATCA/CRS, but those affected must be identified. The engagement letter should make clear that the client is responsible for advising a practitioner of any changes to their FATCA/CRS status or changes to their US or other overseas connections. If acting for an individual, trust or financial institution, they should set out clearly any FATCA/CRS work to be undertaken and who will undertake it. Non-UK resident subsidiaries and branches are

outside the scope of the UK agreement but UK permanent establishments of non-UK entities are within it.

8. The engagement letter must also refer to data protection as it may be necessary to share FATCA/CRS status and Global Intermediary Identification Number (GIIN) with other financial institutions and make appropriate reports to HMRC.

Fees

9. The detailed arrangements relating to fees should be provided in the practice's terms and conditions. However, since fees are an important part of the contract, they should also be mentioned in the covering letter, even if only as a cross reference. Clients need to be given enough information on fees to make an informed decision (particularly new engagements and new services), and a practitioner should be aware that, as a matter of contract law, if a client doesn't know what they are agreeing to pay, they may not be required by the courts to pay it. Where more complicated fee arrangements are in place it may be more appropriate to set the position out in a schedule, and a suggested format has been provided in Appendix Aa.
10. The hourly rates for each member of the team and/or level of professional staff should be included unless a fixed-fee arrangement is in place. It is important to explain when and how the client will be advised of changes in the hourly rates and of other relevant changes.
11. Where a fixed fee or some other basis of charge has been agreed, the paragraph in the engagement covering letter should be amended accordingly. If an estimate or an indication of fees has been given, the precise terms should be stated in this paragraph or in the separate fee schedule. See paragraphs 68-79 below for more detailed guidance on fees.
12. Fees may not be payable by the client where fee protection insurance is in place and covers the work being undertaken, and this should be drawn to the client's attention where relevant.
13. Where additional fees are to be charged because work is being completed within a shorter period than normal because of the late receipt of information, the client should be made aware of this to minimise the possibility of a dispute when the fee is issued.

Limitation of liability

14. Although it is open to a practitioner to limit or even exclude their liability for negligence, any such limitation or exclusion is subject to the reasonableness test in the Unfair Contract Terms Act 1977. Where the contract is made "between a trader and a consumer for the trader to supply goods, digital content or services", there are also implications that may limit the effectiveness of a limitation of liability clause following the enactment of the Consumer Rights Act 2015 (CRA 2015). It is important to have regard to these pieces of legislation when framing limitation of liability clauses and standard terms, and to understand the extent to which the limitation of liability clauses may be effective. Further details regarding the limitation of liability can be found at paragraphs 84-100 and the limitation of third party rights at paragraphs 101-104.

Agreement of letter

15. The client should be asked to agree to the scope and terms of the engagement in writing, usually by signing and returning a copy of the engagement letter. A practitioner should obtain evidence of the client's approval of the engagement letter in electronic or non-electronic form. It is therefore acceptable, for example, if the client sends an email confirming their agreement to the letter and this is retained. Ensuring there is evidence of agreement minimises the risk of subsequent disagreement over the terms under which the work is carried out. Any changes to the engagement letters that are agreed orally should be subsequently confirmed in writing.
16. Where more than one company in a group is to be the client, the letter may be signed by the representative of the parent provided that all the companies are listed on the engagement letter and it is confirmed that the signatory is properly authorised.
17. While it is always advisable to insist on the letter being acknowledged, preferably by return of a signed copy, it is possible that, despite a practitioner's best efforts, the client will never sign an engagement letter.
18. If the letter is never signed but services are performed, a practitioner will need to prove that the letter was communicated to the client, and to demonstrate acts by the client that are sufficient proof of acceptance. A useful record of receipt can be an email sent by the client confirming receipt, sending a reminder engagement letter by recorded delivery or a note of a telephone conversation in which the client made reference to receiving the letter. Acts by the client that might include delivering the books and records may indicate that they want you to continue with the work.
19. Any discussion of the client's views on the engagement letter would also be relevant. For example, if the client had expressed dissatisfaction with the terms of the engagement letter, this would in most circumstances negate any case that the engagement terms had been accepted by conduct.
20. If there is a pressing need to act in the client's interests before the engagement letter is signed, it is important to ensure that any such work is later covered by the terms of the engagement letter. A practitioner should make the client aware of the terms and conditions under which the work is being carried out. It is strongly recommended that a practitioner makes a file note recording the discussion regarding the terms and conditions. A practitioner should also confirm in writing to the client that work carried out before the signing of the engagement letter is subject to the terms and conditions set out in that engagement letter so that there can subsequently be no dispute as to whether or not it was covered by the engagement letter.

Guidance on Data Protection

21. This guidance and the sample documents which accompany it have been prepared to assist practitioners in understanding their legal obligations in relation to data protection. The guidance and sample documents have been prepared in good faith, but none of the bodies or individuals involved in their preparation accept any responsibility or liability for anything done in reliance on them, and no duty of care is assumed in respect of the guidance or sample documents.

Practitioners should familiarise themselves with the relevant legislation, including the [Data \(Use and Access\) Act 2025](#) (and not merely read this guidance), and seek independent legal advice if they are uncertain about any aspect of their legal obligations.

22. The [Information Commissioner’s Office \(ICO\)](#) has provided a significant amount of information to assist businesses, and practitioners should refer to the ICO website for current GDPR information.
23. The sample engagement letters have been updated to take into account our understanding of the current requirements under GDPR and the DPA 2018. **They have been drawn up on the assumption that all data processing is done in the UK.** Refer to 29 below if the practitioner transfers data to third parties located outside of the UK. Please refer to the current guidance on the CIOT and ATT websites to check on any updates to GDPR guidance or suggested changes to these letters.
24. Privacy notices are a document explaining to data subjects their rights and how their personal data will be used. Privacy notices are part of a data subject’s right to be informed by an organisation on how their personal data will be used and for this reason they need to be provided to clients. Data controllers must provide certain information to individuals at the time that their personal data is collected from them or, if the data is obtained from another source, within a reasonable period of obtaining the data and no later than one month subject to limited exceptions.
25. It is not a legal requirement to send a privacy notice together with an engagement letter. However, for practical ease we have assumed in our guidance that it will be dealt with at the same time. On this basis a practitioner must send their privacy notice to clients along with the engagement letter. A practitioner must also update clients if the purpose or lawful basis of processing their data changes.
26. The ICO advises that, before preparing a privacy notice, businesses should document what personal data they hold, where it came from and with whom it is shared. Documentation templates for controllers and processors are available on the ICO website at <https://ico.org.uk/for-organisations/guide-to-the-general-data-protection-regulation-gdpr/accountability-and-governance/documentation/>. A simple table may be appropriate to meet this requirement and an example is shown below:

Source of data	Information stored	Purpose	Computer program Processing/ storage	Access/ security	Deletion policy
Client Bank Investment broker Company finance director	Names, addresses, dates of birth, marital status, income, bank account details for repayment, complete tax returns and calculations	Preparation of tax returns to send to client and then submit to HMRC	Commercial Software Spreadsheets Letters	Held on laptop Laptop password protected Returns and letters Sent by client portal	7 years

Client company	Employee details National insurance numbers Salary	Payroll processing Provision of payslips to employer Submission of figures to HMRC	Payroll software File in locked drawer	Computer password protected Locked drawer Encrypted emails	Under discussion with employer
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27. The ICO website provides further information on GDPR and a practitioner should refer to the ICO's guidance. See the ICO's [Guide to the General Data Protection Regulation](#) and [The right to be informed \(detailed guidance including information on privacy notices\)](#). There are also some useful [tools for small businesses and sole practitioners](#).
28. A sample privacy notice has been provided. The text of that sample has been settled by Counsel. Counsel have emphasised that, if any practitioner decides to draw upon the sample text when preparing a privacy notice, he/she **must** adapt the text to take account of the specific circumstances in which the privacy notice is to be used.
29. A practitioner should note in particular the following points in relation to the sample privacy notice:
- a) Data controllers should identify at the outset **all** of the lawful bases on which they intend to process data, and the privacy notice should set out the lawful basis. The GDPR sets out the lawful bases on which data can be processed. In summary these are:
 - a) Consent
 - b) Contract
 - c) Legal obligation
 - d) Vital interests
 - e) Public task
 - f) Legitimate interests

It is advisable to rely on several bases, where possible; if, for example, a practitioner only relies on consent, he/she is unlikely to be able to resist a request for erasure of data. For more information refer to: <https://ico.org.uk/for-organisations/guide-to-the-general-data-protection-regulation-gdpr/lawful-basis-for-processing/>

- b) If a practitioner relies on consent (whether or not in conjunction with one or more other bases), it is necessary to obtain the data subject's free, specific, informed and unambiguous consent to the processing. It may be convenient to obtain such consent by requiring a specific signature in respect of consent to data processing on the engagement letter. Practitioners are referred to the definition of 'consent' in Article 4 of the GDPR, and the conditions for consent in Article 7.
- c) A practitioner may find it helpful to include a summary of the purposes of the data processing

and the legal basis of the processing, for example:

Summary of purposes for processing data and the legal basis of this processing

Purposes of processing data	Legal basis of processing
Providing the services requested by you and agreed by contract	Contract basis and consent basis if appropriate
Contacting you with details of other services we provide.	Consent basis
Meeting other legal and regulatory purposes	Legal obligation basis
Protection against potential legal and other disciplinary action	Legitimate interest basis

- d) Under the legal bases for our intended processing of personal data there is a section relating to legitimate interests. All legitimate interests should be listed here. The example provided is where investigating/defunding legal claims but other legitimate interests might include defending against disciplinary action. Further details on legitimate interests can be found on the ICO website guidance <https://ico.org.uk/for-organisations/guide-to-the-general-data-protection-regulation-gdpr/lawful-basis-for-processing/legitimate-interests/>
- e) The source of personal data collected needs to be included in the privacy notice and examples of sources include:
- a spouse/partner
 - HMRC
 - your employer/partnership/limited liability partnership (LLP)/company
 - electronic ID verification providers
 - other third parties (eg banks, investment managers etc)
- f) Transfers of personal data outside the UK have been included as a section on the privacy notice with a statement based on the assumption that data will be processed in the UK only. A practitioner will need to carefully consider where their data is stored, **including use of software**, and take specialist advice in relation to their privacy statement and other requirements where data is to be transferred outside the UK or to an international organisation.
- g) The sample privacy notice text includes the statement that “We do not intend to use automated decision-making in relation to your personal data”. Any practitioner who *does* intend to use automated decision-making should seek specialist legal advice; such a practitioner will obviously need to adapt the privacy notice accordingly.
- h) Data portability is one of the individual rights applying under GDPR where processing is carried out by automated means. For further information in relation to the implications of this right, please refer to the ICO’s guidance on the [right to data portability](#).

- i) The sample privacy notice text stresses the importance of clients retaining their own records. This should assist in ensuring that clients retain records so that a practitioner can delete their records at an appropriate time and, if the client exercises their right to erasure, they will have their own records to use for HMRC enquiries.
 - j) [Article 5 of the GDPR](#) requires that personal data should be kept for no longer than necessary. A practitioner must therefore revisit their data retention policies and practices, and consider when records should be destroyed. Current professional body guidance ([CIOT Professional Rules and Practice Guidelines](#) or [ATT Professional Rules and Practice Guidelines](#)) indicates that records should be retained by practitioners for a period of **seven years** and we would therefore expect this to be the period stated in the data retention policy; however, each member needs to consider the requirements in relation to their own clients and their practice. In addition, members are advised to review their Standard Terms and Conditions of Business in case amendments are required in relation to data retention periods. The sample privacy notice text refers to periods of retention of documents and retaining data for legitimate interests such as the need to defend yourself against legal claims. As with other sections of the sample privacy notice, these need to be reviewed, and your data retention periods and legitimate interests for retaining data should be amended as appropriate. The ICO has made it clear that it does not expect a practitioner to retain information “just in case”.
30. Practitioners should be aware of the more stringent restrictions on the processing of ‘special categories’ of personal data (eg data revealing racial/ethnic origin, sexual orientation etc). Many practitioners will process data that falls within the ‘special categories’. A practitioner who intends to process personal data within the ‘special categories’ will need to ensure that one or more of the criteria for processing specified in Article 9(2) of GDPR is satisfied. For further information see <https://ico.org.uk/for-organisations/guide-to-the-general-data-protection-regulation-gdpr/lawful-basis-for-processing/special-category-data/> and ensure your Privacy Notice reflects any additional requirements.
31. Our understanding is that accountants and tax advisers have historically been considered to be data controllers. With the introduction of GDPR a practitioner will need to consider if they are a data controller or a data processor for each individual assignment; a practitioner undertaking payroll processing may, for example, be a data processor. The contractual documents used by a practitioner will need to be amended to reflect the requirements in each case. Refer to the checklists for data processors and data controllers on the ICO website <https://ico.org.uk/for-organisations/uk-gdpr-guidance-and-resources/controllers-and-processors/controllers-and-processors-a-guide/>. For guidance in relation to the requirements placed on data processors acting for data controllers refer to <https://ico.org.uk/for-organisations/uk-gdpr-guidance-and-resources/controllers-and-processors/>. A practitioner should also note the requirements in relation to sub-processors and be aware of these when using subcontractors.
32. The GDPR requires that contracts between controllers and processors be in writing, and that such contracts set out certain particular matters: see Article 28 of the GDPR. The sample payroll schedules to the engagement letters have been updated in light of this.
33. A practitioner needs to consider the policies and procedures they need to have in place in their practice to meet all of the other requirements of the DPA 2018 and UK GDPR. Part of this involves a consideration of what secure methods should be used when corresponding with clients. A

practitioner should agree with their clients the best method of communication with them and ensure that clients are aware of the risks if they insist on corresponding by email without any additional security measures in place.

34. Given the updated legislation, a practitioner must revisit their data retention policies and practices, and consider the records that they hold given the obligation to destroy records that are no longer required. It is essential that practitioners review their historical records as files cannot be retained for excessive periods. For CIOT and ATT guidance on the retention of records, refer to [CIOT Professional Rules and Practice Guidelines](#) or [ATT Professional Rules and Practice Guidelines](#).
35. In order to be able to market other services to your client it may be advisable to cover this on the consent basis of lawful processing. A practitioner should consult the guidance on The Privacy and Electronic Communications Regulations, which sit alongside the Data Protection Act and GDPR. Further guidance is available on the ICO website <https://ico.org.uk/for-organisations/guide-to-pecr/what-are-pecr/#gdpr>. Options have been included in relation to this in the covering letter and the acceptance notice. If a practitioner wants to ask clients about passing their details to other outside firms then the following paragraphs could be inserted:

Covering letter: **We would also like to pass your details on to other [name of company/companies who you will pass information to]/[well-defined category of companies], so that they can contact you by post with details of [specific products, eg tax enquiry insurance]/[offers]/[services]/[competitions] that they provide. If you consent to us passing on your details for that purpose, please indicate your agreement on the acceptance statement].**

Acceptance letter: **[I agree/do not agree to my details being passed to [name of company]/[other companies]/[well-defined categories of companies so that they can contact me by post with details of specific products/offers/services or competitions].**

Right to cancel

36. Under the Consumer Contracts (Information Cancellation and Additional Charges) Regulations 2013 ('the regulations'), a practitioner must provide specific information to the client before the contract is agreed if the client is a 'consumer'. In some circumstances the client has the right to cancel. The information that a practitioner must provide depends on the type of contract.
37. A consumer is an individual acting for purposes that are wholly or mainly outside that individual's trade, business, craft or profession. In practice this includes:
- private clients, trustees and individuals administering deceased's estates, and
 - where a practitioner provides services such as personal tax return preparation either to directors of company clients or to sole traders or partners, the individuals for whom a practitioner prepares the accounts or partnership tax returns.
38. If a practitioner acts for a consumer then the regulations envisage three types of contract:
- an off-premises contract,
 - a distance contract, and
 - an on-premises contract.

39. The contract type is determined by factors such as where the contract was made and whether and when and where the client had met the practitioner in person before the contract was agreed. As in practice it can be difficult to distinguish between the three types of consumer contract (as set out above), this guidance has been drafted to give every consumer the right to cancel within 14 days.
40. If a practitioner does not wish to adopt this approach because they do not want a consumer with an on-premises contract to be given cancellation rights when they do not need to be, then [please refer to the legislation](#), and, if necessary, seek specialist advice.
41. A practitioner who is unsure as to whether and how the regulations apply in a specific matter should take specialist legal advice.
42. A practitioner should consider whether to include in their new client file-opening forms a checklist to establish whether a client is a 'consumer' so as to ensure that the appropriate notice is sent to those clients and thereby preserve the enforceability of the contract terms – and recovery of fees – against their client.

SCHEDULE OF SERVICES TO BE PROVIDED (Appendices B1-B13)

43. To minimise the risk of disputes about the scope of the work, the schedule of services attached to the engagement covering letter should state clearly what services are to be carried out.
44. A practitioner should prepare the schedule of services using as a guide the specimens in the attached Appendices B1-B14. If the client's instruction covers two or more types of services, separate schedules for each are recommended.
45. The objective is to set out clearly the scope of the work to be undertaken by a practitioner together with the client's responsibilities. Misunderstandings sometimes arise over whether a service is included in any 'standard package' or annual fee arrangement. For example, is dealing with an enquiry by HMRC included as part of the tax return package or not? To minimise such misunderstandings, the schedules of services should distinguish between the normal work that recurs and that which is 'one-off', such as:

- *Recurring compliance work*

This is the core element of the work to be done for the client. Whether or not this is on a fixed-fee basis, only the work specified will be covered.

However, practitioners have indicated that in a number of cases clients email or telephone to ask 'small' ad hoc queries and expect these to be covered as part of their compliance work. A practitioner should, where possible, always make it clear to clients what is covered as part of routine compliance work and alert them as soon as additional requests are received where additional fees will be charged. The potential to charge additional fees has therefore been referred to in the section on compliance work.

Note that where appropriate the schedules provide for the option of agreeing additional fees where work is to be undertaken on a shorter timescale. This is referred to in the 'Your responsibilities' section. A practitioner should ensure that, where appropriate, the additional fees are brought to the attention of and agreed with the client.

- *Ad hoc and advisory work*

This is not part of the annual recurring compliance work and, as such, would not be covered by a fixed or annual fee for that work. The scope of such additional work and the basis for the fees needs to be explicitly agreed with the client when it is requested.

46. The schedules are intended to address the most common services provided by a practitioner and to be as flexible as possible. They are not exhaustive and a practitioner may therefore need to adapt the standard schedules provided to meet their firm's requirements. In particular, four specific areas that may require consideration are a practitioner's approach to dealing with:

- Enquiries from HMRC. As these do not generally arise each year the schedules refer to enquiries as 'ad hoc' or 'advisory' work. A separate schedule has been prepared for use in those cases when an enquiry becomes significant or is obviously a more formal investigation.
- Universal credit claims. As a client's entitlement to claim will be affected by the wider circumstances of their household, no schedule has been provided for universal credit claims.
- Tagging. It is compulsory for the company tax return to be submitted to HMRC using iXBRL format. Appendix B7 has been provided based on the assumption that a practitioner will undertake the tagging. If the client is dealing with the tagging of the accounts the appendix will require amendment.
- Probate. A schedule has not been provided in relation to probate work and a practitioner licensed to undertake this work should refer to their licensing body for appropriate engagement letter guidance.

47. Other points to note when using the schedules are as follows:

- Where work provided to a client includes the submission of returns, the schedules refer to the fact that submission will take place once the return has been approved. This allows for the rare circumstances where it is necessary to proceed with a submission based on verbal approval of a return. A practitioner should refer to the guidance in Professional Conduct in Relation to Taxation in relation to approval and signing of tax returns, which states that a member should obtain approval of the return in electronic or non-electronic format. Where written evidence of approval has not been obtained from the client, it is important that a practitioner keeps a contemporaneous note of the circumstances in which approval has been given and ideally be able to evidence approval by way of written evidence from the client, or in writing to the client confirming details of the conversation.

Where filing MTD for income tax quarterly updates, a practitioner should refer to the associated PCRT topical guidance.

- The schedules include a disclaimer in relation to changes in the law or practice or in public policy. A practitioner needs to take care in this area as their responsibilities to the client depend on the nature of the engagement. Normally when a retainer has ended, a practitioner does not have an ongoing obligation to update a client. Where the retainer and transaction are ongoing then the member should update the client. Other factors also need to be taken into account such as the timescale over which the client will be following the advice.
48. A practitioner should ensure that any wording relating to the use of other specialists is considered carefully. For example, to state that a practitioner can refer the client to a range of specialists exposes the member to fewer risks than stating that they will recommend or introduce them to specialists.

STANDARD TERMS AND CONDITIONS OF BUSINESS (Appendix C)

Applicable law

49. A practitioner should insert the name of the legal jurisdiction under which their practice operates.
50. A practitioner needs to be aware that in a consumer contract, a clause requiring the consumer to bring any proceedings in a jurisdiction other than that of the consumer's domicile will in most circumstances be unenforceable.
51. These letters have been prepared on the basis of applicable law in England and Wales. If a practitioner is based in Northern Ireland or Scotland they will need to consider any amendments required to the templates.

Artificial Intelligence and machine learning

52. Practitioners should refer across to PCRT topical guidance on AI available:
<https://www.tax.org.uk/professional-conduct-in-relation-to-taxation-pcrt>

Client identification and verification

53. Under the anti-money laundering legislation a practitioner must have identification procedures in place to confirm the identity of their clients. These procedures should be satisfied before a practitioner agrees to act for a new client. Guidance on the responsibilities and obligations under this legislation can be found at [CIOT Anti-Money Laundering Guidance](#) or [ATT Anti-Money Laundering Guidance](#).

Client money

54. If the practice never holds client money and is not likely to do so in the future, a practitioner may decide to omit this paragraph. If the practice is likely to hold client money a practitioner should follow the guidance at [CIOT Professional Rules and Practice Guidelines](#) or [ATT Professional Rules and Practice Guidelines](#), and amend the standard terms and conditions if appropriate.
55. As stated in paragraph 13 in the introduction, a practitioner should also be aware of the requirements under [The Payment Services Regulations 2017](#) and ensure that they are not undertaking payment services for clients without the proper authorisation. These engagement letters have not been prepared on the basis that a practitioner is offering these services, and specialist advice should be taken where client accounts are operated in this way.

Commissions and other benefits

56. Under general law, commissions received must be accounted for to the client but, with the client's permission, can be retained by a practitioner. If they are to be retained, examples of commissions likely to be receivable have to be provided. Even if a practitioner receives an indirect benefit they should disclose this to the client.
57. A firm licensed as a designated professional body (DPB) should refer to the *DPB Handbook*, especially paragraphs 3.11 and 4.15. These state that if a DPB-licensed firm receives commission or other benefit because of acting for or giving advice to a client in the course of exempt regulated activities, the licensed firm must account in writing for the commission or benefit to the client.
58. Commissions can be accounted for to clients by paying the whole amount to the client or by deducting it from fees and showing such deduction on the face of the fee note. In 1989, HM Customs & Excise (now HMRC) issued a policy note on the VAT treatment of 'netting off' commissions. It stated that when a fee is reduced by the passing on of the benefit of commissions earned from third parties to their clients, the VAT would be chargeable only on the netted-off fee. The reduction can be shown in two ways:

Method A

Fee	£110.00
Rebate equivalent to commission received	<u>£10.00</u>
Fee net of rebate	£100.00
VAT	<u>£20.00</u>
Total	<u>£120.00</u>

Method B

Fee net of £10 commission	£100.00
VAT at 20%	<u>£20.00</u>
Total	<u>£120.00</u>

Note: If method A is used it is important that the commission is described as a rebate.

Complaints

59. All new clients should be informed in writing of the name of a person who can be contacted to receive complaints about the services provided. Clients should also be informed of their right to complain to a practitioner's professional body. It is in the interests of the practice that complaints should be investigated promptly and courteously. Where the person investigating the complaint finds it wholly or partly justified, the practice should take steps to ensure that the complaint is resolved as soon as possible. For more details on the handling of complaints, a practitioner should refer to their professional body's guidance.

Confidentiality

60. A practitioner is obliged to keep client information confidential and to take all reasonable steps to preserve confidentiality. However, a practitioner may be required by law (whether in the UK or overseas), by regulatory bodies or by insurers to disclose information about their clients. This has therefore been covered in the separate privacy notice included. Further guidance on this subject is available in the Professional Rules and Practice Guidelines at [CIOT Professional Rules and Practice Guidelines](#) or [ATT Professional Rules and Practice Guidelines](#).
61. A practitioner should be aware that they remain responsible for client information remaining confidential even where work has been subcontracted or outsourced to third parties, who should also be placed under an obligation of confidentiality.
62. While the privacy notice refers to information being provided to HMRC, for advice on the disclosure of documents to HMRC or other third parties a practitioner should follow the guidance in [CIOT Professional Conduct in Relation to Taxation](#) or [ATT Professional Conduct in Relation to Taxation](#).

Conflicts of interest

63. A practitioner should assess the significance of any actual or perceived conflict of interest and should not allow it to compromise their professional or business judgement. Examples of conflict of interest include where two clients are competing for the same third-party contract; where two clients are on different sides of a commercial transaction or dispute; the practitioner is acting for both parties (for example, in divorce proceedings or the dissolution of a business partnership); or giving advice to a client where a practitioner has an interest in a competitor.

Data protection

64. The Data Protection Act 2018 and the UK General Data Protection Regulation (GDPR) contains rules for processing personal information and applies to paper records as well as those held on computer. Refer to paragraphs 21-35 above for further guidance on data protection.

Disengagement

65. A practitioner will find it useful to issue a disengagement letter when they cease acting for a client. This can be used to manage an ex-client's expectations and to provide some protection to a practitioner against potential claims by the ex-client. See Appendix D for example disengagement letter wording.
66. A disengagement letter will normally address the following:
- a summary of services provided up to the date of ceasing to act;
 - a note of any further action to be taken by a practitioner;
 - a note of any outstanding matters that either the ex-client or the new advisers will need to address;
 - details of any impending deadlines and the action required;
 - a practitioner's willingness or otherwise to:
 - assist the new advisers to resolve outstanding issues with HMRC or others
 - provide copy papers to the new advisers;
 - details of any outstanding fees; and
 - a note indicating whether a practitioner or their successor is to advise HMRC of the change.

Electronic and other communication

67. The standard terms and conditions state that the practitioner is using virus-scanning software to reduce the risk of viruses and similar damaging items being transmitted. A practitioner should therefore ensure that their systems are set up to deal with the relevant scans. Data security is a fundamental requirement under data protection requirements.

Fees and payment terms

68. Fee arrangements are a matter for commercial negotiation by a practitioner and should be agreed in writing. The template wording provided may not be appropriate in every particular case. Due regard should be given to the nature of the engagement and client relationship when setting fees. Possible arrangements include:
- Time and expenses – where the charges are determined by reference to time spent and the level of expertise of the personnel involved.
 - Fixed fees – where a fixed amount is charged for an agreed assignment. In such cases the fees should be based upon a careful costing of the work. When the arrangement is to run

on, say, beyond one year, a clause in the engagement letter should enable additional work to be charged and cost escalation to be recouped.

- Fixed fees with a monthly fee arrangement – where a fixed amount is charged on a monthly basis. In such cases, it should be made clear to the client what period or work each monthly fee relates to.
 - Contingent or success fees – these should be used with care and should not be offered if there is a risk that professional independence and integrity will be impaired in the conduct of work.
 - Fees that may be covered in whole or in part by professional fee insurance.
69. The paragraphs in the standard terms and conditions (Appendix C) relating to fees should reflect a practitioner’s standard approach to fee arrangements to avoid the need to amend them case by case. A practitioner who works on a contingency or success fee basis will need to amend the standard terms and conditions accordingly.
70. A practitioner can reduce the risk of fee disputes by giving an indication of fees before work is started or by agreeing fees before issuing invoices. If an estimate or indication of fees is given, it is advisable to include this in the covering letter or a separate fee schedule sent with the schedules of services and standard terms and conditions, and in any updates subsequently issued.
71. Where fixed or contingent fees are agreed it is especially important to take care in describing the scope of the work they cover. This protects a practitioner’s position if unexpected additional work arises. It can be particularly important if the fixed fees are intended to cover any element of HMRC enquiries because the time taken can vary considerably. This is also of relevance where HMRC response times impact on the time taken to resolve a matter, even where an enquiry is not ongoing eg ‘nudge’ or ‘one-to-many’ letters. Equally, where using monthly fee arrangements, or other arrangements which spread the total fee, it will be important to specify what period or service is included in each monthly fee, to reduce the risk of fee disputes, particularly during periods of transition.
72. Where a practitioner indicates the hourly rates for each member of the team and/or level of professional staff, it is also important to indicate when and how the client will be advised of changes in the hourly rates and of other relevant changes.
73. Fees should be stated as being exclusive of VAT. Where fees are stated in a contract for services without reference to VAT, the fees will be treated as inclusive of VAT (section 19(2), VAT Act 1994) – assuming that a practitioner is VAT registered.
74. A practitioner may charge interest on late payment of fees but must meet the requirements of the Consumer Credit Act. The rate of interest charged should be reasonable and not exceed the limits set out in the Late Payment of Commercial Debts (Interest) Act 1998 when the supplier and purchaser are both acting in the course of a business.
75. “Applications for payment” can be issued when continuous supplies of services are made (eg recurring work). Although they may contain all the normal invoicing details (net value, VAT

amount and gross fee), they should not show a practitioner's VAT registration number and they should clearly state "This is not a tax invoice". A VAT invoice should be issued upon receipt of payment. A practitioner should be aware that it is harder to sue a client in respect of an application for payment than it is where an invoice has been issued.

76. Where continuous supplies of services are provided, and two or more payments are to be made by standing order, a practitioner can issue a VAT invoice showing the normal invoice details and listing all the payments due over a period of up to one year. The tax point then becomes the earlier of the receipt of each payment or the time when each payment falls due.
77. This arrangement only applies where two or more instalments are due. Invoicing in advance for a single future payment creates a tax point for VAT purposes at the time of issue of the tax invoice.
78. In some cases the schedules to the engagement letters refer to the possibility of charging an additional fee where information has not been received by the date requested or returns are prepared in a short period. Where applicable, this clause should be drawn to the client's attention and they should be made aware that an additional fee will be charged.
79. In some cases firms agree with a client that any tax refunds received can be set against outstanding fees. There should be agreement in writing with a client in relation to this. Where a practitioner has access to a client bank account, it is also important to make sure there is specific authorisation from the client for settlement of the practitioner's fees from the account to ensure that there is no accusation from the client of unauthorised payments or inappropriate use of client money. A practitioner would be expected to keep the client informed each year of the position and one way of presenting the information might be as set out below:

[We have agreed that tax refunds will be received by the practice and can be set against fees with the balance being refunded to you. The position for the current year is therefore as follows:

Fee note issued on [xx]	£xxx [plus VAT]
Tax refund	(£xxx)
Balance of refund to be issued to you	£xxx]

Advanced fees or acting as a guarantor

80. A practitioner may wish to obtain a guarantee for payment of fees incurred by a client from a third-party guarantor. If a practitioner does wish to do so, they should seek a separate agreement with the intended guarantor, in advance of entering into the engagement with the intended client. For example:

"Guarantee of payment of fees

I, XYZ, wish ADVISER to enter into an engagement with INTENDED CLIENT because.....

In consideration of ADVISER agreeing to enter into an engagement (“the engagement”) with INTENDED CLIENT, as set out in the draft engagement letter annexed to this guarantee, I, XYZ, agree to pay all fees arising or incurred in accordance with the engagement in so far as the same are not paid by INTENDED CLIENT within x days of such fees arising, and to pay interest on any unpaid fees at the rate of xxx from the date of issue to the date of payment.”

Investment advice (including insurance mediation services)

81. During the provision of advice, aspects of investment advice or insurance mediation services might be touched on. Whether or not such services are ‘regulated’ can be a complex area and this guidance note does not deal with such matters. Some activities can be undertaken by a firm that is not licensed by a designated professional body (DPB) or authorised by the Financial Conduct Authority (FCA). Other activities require a DPB licence or FCA authorisation.
82. This guidance does not cover wording for investment business and related issues such as insurance mediation and referrals to third parties. However, some paragraphs relating to investment services for inclusion in the standard terms and conditions are included in Appendix C for firms that are not regulated, or which are licensed by a DPB but not for those that are authorised by the FCA. A practitioner who is so licensed or authorised should refer to the DPB handbook or the FCA handbook.

Lien

83. This clause, based on case law, highlights a practitioner’s right to retain documents belonging to the client that a practitioner has used in the performance of work for the client for which the fee has not been paid. However, the exercise of a lien is not straightforward and may conflict with other professional duties to the client. It is preferable to try to resolve disputes without recourse to the lien. A practitioner should refer to [CIOT Professional Rules and Practice Guidelines](#) or [ATT Professional Rules and Practice Guidelines](#) for further guidance on this subject.

Limitation of liability

84. A practitioner may wish to consider if it is appropriate that any sections covering limitation of liability are in bold font to draw the client’s attention to them.
85. This section of the terms and conditions identifies a number of limitations to a practitioner’s liability. Where a practitioner wishes to limit their liability to their client, they should, after seeking legal advice, include the relevant clauses such as those in paragraph 18 within Appendix C.
86. A liability cap will only apply to those clients who have agreed the terms and conditions of the engagement letter. For example, personal tax work for the director of a corporate tax client would not be covered by the liability cap contained in the engagement letter for the corporate client, unless, unusually, the engagement letter specifically referred to personal tax work for the directors, and those directors have agreed explicitly by signing the engagement letter in a personal capacity or their implied agreement otherwise obtained in that personal capacity.

87. The law is in a state of evolution, and it is strongly recommended that independent legal advice is taken by a tax practitioner before including limits of liability in their engagement letters or standard terms and conditions. That is important where the amount at risk may be very large or the work involved is of particular difficulty. The advice should be checked from time to time to ensure that the wording used does not conflict with recent judicial decisions on reasonableness.
88. There is a risk that the limitation may be set aside by a court under the Unfair Contract Terms Act 1977 or under the Consumer Rights Act 2015 (where the services are being provided by a trader to a consumer). It is therefore important to establish the difference between a trader and a consumer:
- “Trader” is defined in s. 2(2) CRA 2015 as “a person acting for purposes relating to that person’s trade, business, craft or profession, whether acting personally or through another person acting in the trader’s name or on the trader’s behalf”. A practitioner is therefore a trader when engaged in provision of their professional services.
 - “Consumer” is defined in s. 2(3) CRA 2015 as “an individual acting for purposes that are wholly or mainly outside that individual’s trade, business, craft or profession”. It is for a trader to prove that an individual was not acting for purposes wholly or mainly outside his/her trade business, craft or profession: see s. 2(4) CRA 2015. It is likely that at least some, and perhaps many, clients of a practitioner will be consumers.

A principle confirmed within both acts is that any terms satisfy the test of reasonableness.

89. If a court finds a limitation of liability term in a contract to be unfair, it is likely that all elements of that term of the contract will be held to be invalid, in which case a practitioner’s liability will be treated as unlimited. To withstand a challenge under this legislation, it is advisable to discuss the limitation with the client and ensure that it is reasonable in the context of the scale and nature of both the assignment and the practice. A practitioner must be able to demonstrate that the limit of the liability is fair and reasonable.
90. Under the CRA 2015:
- The trader must perform the service with reasonable care and skill (s. 49).
 - Every contract to supply a service is to be treated as including as a term of the contract anything that is said or written to the consumer, by or on behalf of the trader, about the trader or the service, if (a) it is taken into account by the consumer when deciding to enter into the contract, or (b) it is taken into account by the consumer when making any decision about the service after entering into the contract (s. 50).

CRA 2015 limits the extent to which traders can restrict their liability to consumers.

91. By Clause 2(2) of the Unfair Contract Terms Act 1977 (UCTA 1977), a professional cannot “so exclude or restrict his liability for negligence except insofar as the term satisfies the requirement of reasonableness”. Section 3 also requires any standard term excluding or restricting liability in respect of breach of contract to satisfy the test of reasonableness. The same limitation applies

where dealing with a party who is to be treated as a “consumer”. In practice, most individual clients and many businesses will be so treated.

92. The test of reasonableness is laid down by Section 11 of UCTA 1977, and requires consideration of whether the term was “a fair and reasonable one to be included having regard to the circumstances which were, or ought reasonably to have been, known to or in the contemplation of the parties when the contract was made”. Schedule 2 of the act sets out guidelines for application of the reasonableness test but these are not exclusive. If the limitation is to be effective, it is important that a practitioner considers and takes account of the likely strength of their and their client’s relative bargaining positions, including other sources of tax advice, the extent to which the term will be drawn to the attention of the client, the resources available to each party to meet the liability and the extent to which each party could protect themselves by insurance. It is advisable to record that consideration on file to evidence the position.
93. Section 62 of CRA 2015 provides that an “unfair term” is not binding on the consumer. The question of whether a term is “unfair” is to be assessed in light of all the circumstances, and includes such factors as whether the term is common in such contracts, and whether there is an objective justification for it. A key consideration is “whether the seller or supplier, dealing fairly and equitably with the consumer, could reasonably assume that the consumer would have agreed to such a term in individual contract negotiations”.
94. Section 63 CRA 2015 and Schedule 2 provide an indicative and non-exhaustive list of terms which may be regarded as “unfair”.
95. If a term is unenforceable by virtue of UCTA 1977 or CRA 2015, a Court will not re-write the term to make it reasonable/fair and therefore enforceable. Thus, for example, if a limitation clause imposes a cap of £50,000 on liability, and the Court considers that £100,000 is the lowest cap that would have been fair/reasonable, the Court will not substitute a £100,000 cap. The clause will simply be unenforceable, and the liability of the person relying on it unlimited.
96. Thus, a practitioner should consider the limit to be applied in any individual case by reference to such matters as the amount at stake, the assets likely to be available to the client to meet any liability or to meet any loss if a practitioner’s liability is limited, and the insurance cover available to a practitioner. Before imposing a limit, a tax practitioner should clearly explain it to the client. The effect and the reasons for limiting liability should be made clear and the client should have the opportunity to consider the limit, to negotiate the limit if they think fit and to take independent advice before agreeing the limit. Where a relatively standard limit is applied, it is unlikely that much further negotiation will be practicable or desirable, and it is therefore important that the term is clear to the client. It is sensible for a practitioner to show that the limit has been considered – for example, circling the limit figure in the engagement letter. It is also prudent to make and retain a note of any discussion either with the client or internally.
97. Professional indemnity insurance cover is generally provided on a claims-made basis and any claims arising out of the engagement in question may not be made for several years, by which time insurance limits of indemnity may be significantly different. When working out the liability cap to include, a practitioner may therefore reasonably stipulate levels of the limit of their liability that are lower than their own current maximum cover per claim. Generally, insurance cover limits include sums payable to the claimant for their costs, and claims may be aggregated

where similar errors are made on more than one occasion for the same or, depending on the policy wording, for different clients. Where a limit of liability required by the client is greater than the professional indemnity cover available, a practitioner should consider carefully whether to accept the engagement. Alternatively, it may be appropriate to seek increased levels of insurance cover, but it should be remembered that any increase will need to be maintained for at least six years, as policies are written on a claims-made basis.

98. If practitioners find it helpful they can stipulate a separate liability cap in relation to each service together with an overall liability cap. If members want to deal with matters in this way they may want to consider the inclusion of the following standard paragraphs:

a. **Individual schedules** - each individual schedule should include the following paragraph (the additional wording compared with the standard proforma is marked in red)

Our services as detailed above are subject to the limitations on our liability set out in the engagement letter and in paragraph 18 of our standard terms and conditions of business. These are important provisions, which you should read and consider carefully. The limitation of liability in relation to work undertaken under this schedule is £[].

b. **Covering letter** – changes from the standard wording included in the pro forma are marked in red.

We specifically draw your attention to paragraph 18 of our standard terms and conditions and the final paragraph of each schedule, which sets out the basis on which we limit our liability to you and to others. You should read this in conjunction with paragraph 19 of our standard terms and conditions, which excludes liability to third parties. These are important clauses and you should read them and ensure you are happy with them particularly any cap referred to in this section of the engagement letter and the final paragraph of each individual schedule attached.

The liability in respect of each service is as set out below:

[For example]	£
B1 – personal tax	[]
B4a – Trusts and estates	[]

While individual liability caps have been set out, you agree the overall liability to you will not exceed £[A].]

99. If a practitioner decides to include a liability cap per schedule they can state in the covering letter that despite the individual caps there is an overall cap of £x. For example, they might have a claim cap of £500,000 but a cap of, say, £300,000 could be included per schedule but with an overall maximum of £450,000. A practitioner might therefore state the following in their covering letter:

Example where a firm has cover of £500,000:

The liability in respect of each service as set out in the final paragraphs of relevant schedules is:

	£
B2 – Sole traders	150,000
B4a – trusts and estates	250,000
B8a – Payroll services	100,000
B10 – VAT returns	150,000
B13 – Specialist tax advisory services	250,000

While individual liability caps have been set out, you agree the overall liability to you will not exceed £450,000.

Note that the total of all the amounts set out on the schedules exceeds £500,000 but the practitioner has stated that overall the maximum liability is limited.

100. If a practitioner wants to include a limitation of liability clause, we recommend that independent legal advice is taken and that the proposed limits are checked and agreed with the practice's professional indemnity insurers.

Liability of third-party rights

101. It is in a practitioner's interest to exclude liability to third parties, and also to seek an indemnity from the client against any liability to a third party to whom the client has disclosed advice or information.
102. The test of reasonableness where liability to third parties is to be excluded is less strict than in the case of the client under a contract. However, its reasonableness will be assessed having regard to all the circumstances pertaining when the liability arose or would have arisen but for the notice, rather than at the time of entering into the engagement letter. So, the disclaimer should be in clear terms and the client should be made aware of the importance of not permitting a third party to rely on the advice.
103. The simplest way to exclude contractual liability to third parties is to provide expressly that the terms of the contract shall not be enforceable by anyone other than the parties (save for any named exceptions).
104. The standard terms and conditions include clauses relating to limitation of third-party rights (and unauthorised disclosure). If a practitioner wishes to reduce the risk of non-contractual liability (eg in negligence) to third parties, he/she may seek to do so by notice, eg by clearly stating on a piece of written advice that it is not intended to be relied upon by anyone except the addressee and that no duty of care to anyone other than the addressee is assumed by the practitioner.

Period of engagement and termination

105. The covering letter or the standard terms and conditions should make clear when an engagement begins and ends. It should be made clear that for one-off pieces of work the engagement ends when the work is completed. In relation to ongoing retainers, a practitioner should not cease to act for a client without giving them notice in writing, unless compelled to do so by law.

Professional rules and statutory obligations (including Professional Conduct in Relation to Taxation)

106. The purpose of Professional Conduct in Relation to Taxation (PCRT) is to assist and advise members, particularly in the tripartite relationship between a member, client and HMRC.
107. A practitioner must therefore make it clear in their engagement letter that they are bound by this and should ensure that they are aware of the rules and guidance set out in this document. Tax planning must be undertaken in accordance with the principles set out in PCRT.
108. Where providing advice on disclosures to HMRC and providing schedule B11a, a practitioner may need to refer to PCRT guidance on irregularities.
109. Where including advice on a client's tax filing prepared by a separate adviser, such as research and development claims and MTD quarterly updates, a practitioner may need to refer to PCRT guidelines and the associated help sheets and topical guidance. Members need to ensure they do not act contrary to PCRT in the provision of their services.

Reliance on advice

110. Confirming advice in writing offers the greatest protection to both practitioner and client. There is a much lower risk of there being any misunderstanding over the facts upon which the advice is based or on the advice given if it is in writing. However, clients are often reluctant to bear the additional cost of written advice. A practitioner may delete this standard term if they are willing to accept the increased risk. Irrespective of which approach is adopted, it is important to keep a record of advice given to clients, whether this is a meeting note, note of telephone call or some other method. If advice is given orally and the client does not wish to pay for it to be confirmed in writing, a short letter or email written to the client confirming the gist of the oral advice is strongly recommended.

Retention of papers

111. A practitioner should decide whether, as a matter of routine practice, to return all original documents or only those requested by the client. If records are retained by a practitioner, it will be important to ensure that these can be accessed if required for production to HMRC or a successor tax practitioner. More detailed guidance on documents and records, ownership of records, rights of access to records and retention of records can be found in [CIOT Professional Rules and Practice Guidelines](#) or [ATT Professional Rules and Practice Guidelines](#). The length of time documents in the possession of a practitioner should be preserved is suggested as seven years in the standard terms and conditions. This has also been referred to in the privacy notice.

112. A practitioner should consider access to accounting software by them and their clients following the termination of an engagement and make appropriate arrangements with the client. This is therefore referred to in standard terms and conditions.

The Provision of Services Regulations 2009

113. The Provision of Services Regulations 2009 requires a practitioner to provide details of the firm's insurer on request and, if asked, the response should be limited to the wording below:

"Our professional indemnity insurer is(name of insurer) of (contact address). The territorial coverage is worldwide excluding professional business carried out from an office in the USA or Canada, and excludes any action for a claim brought in any court in the USA or Canada."

114. The details should **not be** included in a practitioner's engagement letter as the information may change. Note that the limit of a firm's insurance **must not** be given without the insurer's express consent.

Appendix Aa

[Name of practice]

COVERING LETTER FOR TAXATION SERVICES

[To be prepared on the practice branded documentation. See guidance notes for each paragraph before using this letter. Also delete/amend sections highlighted in red (individual client letter tailoring) and green (one-off firm's tailoring)]

This letter may require amendment if an existing engagement letter, schedules and terms and conditions are in place and an additional schedule is being sent or the letter is being renewed.]

To....

Dear

Engagement letter

Thank you for engaging us as your tax practitioners. I will be your main point of contact and will have primary responsibility for this assignment; [the manager responsible for the ongoing work will be [.....]]. This letter, including the attached schedule[s] of services together with our standard terms and conditions, sets out the basis on which we will act.

Who we are acting for

We are acting for [client name]/you] only. [Where you would like us to act for anyone else such as your spouse/a partnership/a limited company we will issue a separate engagement letter to them]. Using the most appropriate method, we will obtain your authorisation for HMRC to communicate with us as your agent. We will explain what action you need to take. You agree to completing any necessary actions to allow authorisation within the required timeframe. It is important to appreciate that you remain required to take care over your tax affairs and you should give careful thought as to what steps you should take to make sure you fulfil your legal responsibilities regarding your tax affairs.

[Nominated persons]

[For the avoidance of doubt, [insert name] has agreed to act and is acting as [nominated partner/nominated director/nominated member/nominated trustee/other nominated person]. [As tax practitioners to the group we are acting for those companies set out in the attached list].

By signing this engagement letter, you confirm and warrant that the nominated person set out above is authorised to give instructions and information to us on your behalf and to receive our advice and work produced on behalf of you.

Any change to the nominated person should be notified to us in writing and will not be effective until acknowledged by us in writing.]

[Group companies]

[You have engaged us to act for the [following companies] within your group of companies].

[Insert or attach list]

By signing this engagement letter you confirm and warrant that the nominated director set out above is authorised to bind all of those companies listed, to give instructions and information to us on their behalf and to receive our advice and work produced on behalf of those companies.]

Period of engagement

This engagement will start/starts/started on [].

The terms set out in this letter shall take effect immediately upon your countersigning this letter and returning it to us. Where we receive written instruction to start work before receiving a signed copy of this letter we will treat that as acceptance of all the terms of this engagement letter, unless we hear from you to the contrary within 14 days of you giving that instruction.

Scope of services

We have listed below the work that you have instructed us to carry out, the detail of which is contained in the attached schedule(s). This/these state[s] your and our responsibilities in relation to the work to be carried out. If we agree to carry out additional services for you, we will provide you with a new or amended engagement letter. Only the services that are listed in the attached schedule[s] are included within the scope of our instructions. If there is additional work that you wish us to carry out which is not listed in the schedule[s], please let us know and we will discuss with you whether they can be included in the scope of our work. [The first period for which we will be responsible is [tax year ending/accounts period ending/quarter ending etc]. We will not deal with earlier years unless you specifically ask us to do so and we agree.]

Automatic exchange of information (AEOI), including Foreign Account Tax Compliance Act (FATCA) and the Common Reporting Standard (CRS)

Unless covered by a separate engagement letter or another schedule to this letter, we will not be responsible for compliance with the International Tax Compliance Regulations 2015, introduced as a result of AEOI.

However, if required to do so, we can provide advice on requirements under these regulations. We can also provide advice on setting up the appropriate systems to identify and report on your clients or beneficiaries affected by AEOI.

Fees *[this section may need to be tailored to indicate where fixed or capped fees have been agreed or a separate schedule can be used as supplied. It can also be used to specify the period or work which fees cover [tax year ending/accounts period ending/quarter ending etc].*

Our fees will be charged in accordance with our attached standard terms and conditions. Please review these to ensure that you understand the basis of our charges and our payment terms.

[By way of summary we estimate that our fees for *[insert period]* will be as follows:

[Service one]	£xxx [plus VAT]
[Service two]	<u>£xxx [plus VAT]</u>
Total]

[Travel and accommodation disbursements will be added to this fee.]

[Any additional work provided will be charged at our normal hourly rate – current rates available on request.] [Note: where fee protection insurance is in place the additional fee above may not be applicable.]

[We anticipate issuing our first fee note for [£xxx] in [month/year] after we have [completed the first element of the work involved in service one.]

[Where more detailed information is required relating to fees, a practitioner may wish to use the following wording instead, together with the attached schedule: Our fee arrangements are detailed on the attached fee schedule, which forms part of this letter of engagement. Your agreement to this letter also signifies agreement to the fees schedule.]

Limitation of liability

We specifically draw your attention to paragraph 18 of our standard terms and conditions and the final paragraph of each schedule, which sets out the basis on which we limit our liability to you and to others. You should read this in conjunction with paragraph 19 of our standard terms and conditions, which excludes liability to third parties. These are important clauses and you should read them and ensure you are happy with them.

[There are no third parties that we have agreed should be entitled to rely on the work done pursuant to this engagement letter] *[Where this paragraph is chosen then paragraph X below should be deleted]*

or

[We have agreed that the following third parties should be entitled to rely on our work pursuant to this engagement: *[delete as appropriate]*].

[The following paragraphs may be inserted into the engagement covering letter where a practitioner wishes to include a limitation of aggregate liability clause.]

[We have discussed with you the extent of our liability to you in respect of the professional services described in this engagement letter (the professional services). Having considered both your circumstances and our own, we have reached a mutual agreement that £[A] represents a fair maximum limit to our liability to you.]

[Paragraph X]

[The total liability we will owe to you and to any third party we have agreed may rely on our work, and whether in contract or otherwise of this [firm], its [partners], employees and agents for any losses in any way connected with any of the services provided to you under the terms of this letter of engagement (and including interest), shall not exceed the sum of £[B].]

[In agreeing these figures with you, we have taken into account the nature of the Engagement, the availability to us of insurance cover and other options available to you.

By agreeing the engagement letter you agree that you have given proper consideration to this limit and accept that it is reasonable in all the circumstances. If you do not wish to accept it you should contact us to discuss it before signing the engagement letter.

We would advise you to take independent advice before signing this engagement letter since, by doing so, you will agree to its terms including the limitations on our liability.]

Requirements of the Data Protection Act (DPA) 2018 and the UK General Data Protection Regulation (UK GDPR)

The DPA 2018 and UK GDPR set out a number of requirements in relation to the processing of personal data.

Here at *[name of practice]* we take your privacy and the privacy of the information we process seriously. We will only use your personal information and the personal information you give us access to under this contract to administer your account and to provide the services you have requested from us.

We attach our privacy notice setting out our approach to handling your information. In signing one copy of this letter you will be indicating that you have read and agreed the terms under which we operate as set out in this notice. In addition, please note that we require your agreement on several specific points, which are also included in the acceptance section below:

[(a) Alternate arrangements

Please note that we have arrangements in place for an alternate to deal with matters in the event of permanent incapacity or illness. This provides protection to you in the event that I cannot act on your behalf, and in signing this letter you agree to the alternate having access to all of the information I hold in order to make initial contact with you and agree the work to be undertaken during my incapacity. You can choose to appoint another agent at that stage if you wish].

(b) Secure communications and transfer of data

We will communicate or transfer data using the following *[name as appropriate]*:

Post/hard-copy documents *[by recorded delivery]*

Password-protected emails

Encrypted emails

Portals *[name the applications/software]*

Software *[name the applications/software]*

Emails *

Other

*if you require us to correspond with you by email that is not encrypted or password protected, you also accept the risks associated with this form of communication.

[(c) Other services

From time to time we would like to contact you with details of other services we provide. If you consent to us contacting you for this purpose, please tick to say how you would like us to contact you on the acceptance statement:

Post Email Telephone Text message Automated call

Your agreement

Please confirm your agreement to:

- the terms of this letter
- the attached schedule(s) of services
- the privacy notice and associated data protection matters
- the standard terms and conditions

by signing and returning one copy of this letter.

[INSERT THE FOLLOWING ONLY IF THE CLIENT IS A CONSUMER]

[Your right to cancel

You have the right to cancel this contract within 14 days without giving any reason. The cancellation period will expire after 14 days from the day of the conclusion of the contract, ie when we receive your written agreement to this engagement.

To exercise the right to cancel, you must inform us of your decision to cancel this contract by a clear statement, for example a letter sent by post, fax or email to the address/fax number above.

You may use the attached model cancellation form but it is not obligatory.

To meet the cancellation deadline, it is sufficient for you to send your communication concerning your exercise of the right to cancel before the cancellation period has expired.

Effects of cancellation

If you cancel this contract under your right to cancel, we will reimburse to you all payments received from you.

We will make the reimbursement without undue delay and not later than 14 days after the day on which we are informed about your decision to cancel this contract.

We will make the reimbursement using the same means of payment as you used for the initial transaction, unless you have expressly agreed otherwise; in any event, you will not incur any fees as a result of the reimbursement.]

[WE WILL PROVIDE SERVICES DURING THE CANCELLATION PERIOD ONLY IF YOU INSTRUCT US TO START WORK BEFORE THE EXPIRY OF THE CANCELLATION PERIOD BY TICKING THE BOX BELOW:

I hereby instruct you to start work before the expiry of the cancellation period

If you have asked us to begin the performance of services during the cancellation period, you shall pay us an amount in accordance with the services carried out during this period.]

Yours sincerely

[signature box]

Attachments

1. Model cancellation form [DELETE IF CLIENT IS NOT A CONSUMER]
2. The following schedules are attached to this engagement letter and should be read in conjunction with it:

[INSERT LIST OF SCHEDULES]

3. Privacy notice
4. Standard terms and conditions of business

Acceptance

I acknowledge receipt of your letter dated [], the attached schedule[s] of services, the privacy notice and standard terms and conditions, which fully record the agreement between us concerning your appointment to carry out the work described in those documents.

I also confirm the following in relation to data protection:

I have read, understand and accept the basis on which my information will be dealt with as set out in the privacy notice provided.

[I agree to your appointed alternate having access to my records in the event of your illness or permanent incapacity.]

I understand that you will communicate or transfer data with me using the following [name as appropriate]:

Post/hard-copy documents [by recorded delivery]

Password-protected emails

Encrypted emails

Portals [name the applications/software]

Software [name the applications/software]

Emails*

Other

* I accept the risks of you corresponding with me by email that is not encrypted or password protected.

[I agree/do not agree to you contacting me with details of other services you provide. Where relevant you may contact me by:

Post Email Telephone Text message Automated call

Name..... Signed.....

Date..... for and on behalf of [company/companies listed/partnership/trust/limited liability partnership]

I consent to my personal data being used for the work outlined within our agreed schedule of services. I understand you will not, unless agreed separately with me, use my data for any other services.

Name..... Signed.....

Date..... for and on behalf of [company/companies listed/partnership/trust/limited liability partnership]

Model cancellation form [DELETE IF CLIENT IS NOT A CONSUMER]

To *[Name of practice, geographical address and, where available, fax number and email address are to be inserted by the practitioner]:*

I/We [*] hereby give notice that I/We [*] cancel my/our [*] contract for the supply of the following services as set out in our engagement letter dated [date].

Client name

Client address

Signature of client (only if this form is supplied on paper)

Date

[] Delete as appropriate*

[Name of practice]

[A practitioner may choose to use this schedule if more complex fee arrangements need to be set out]

Fee terms schedule

The following fee terms apply from [insert date] and will continue to apply until otherwise advised.

This letter must be read in conjunction with the following engagement letter(s), terms and conditions and schedules:

- Engagement letter [insert date]
- Terms and conditions [insert date]
- Schedules of services: [insert details of all schedules provided – for example:

Service one – insert date

Service two - insert date

Fixed fees

Our fixed fees for [insert period] will be in relation to each service:

[Service one] £xxx [plus VAT]

[Service two] £xxx [plus VAT]

Total]

OR

Fees based on time spent

Our fees are based on time spent.

Our hourly rates are:

Grade	Hourly rate/range of rates
Partner	£[] to £[]
Senior manager	£[]
Consultant	£[]

These will be updated annually on [insert date] each year or by notice to you. Hourly rates are quoted net of VAT and are subject to the addition of disbursements.

Or

A full list of the time spent and the charge-out rates used is available on request.

We can provide you with an estimate for each assignment before it commences if you so wish.

OR

By way of summary we estimate that our fees for [insert period] will be as follows:

[Service one]	£xxx [plus VAT]
[Service two]	<u>£xxx [plus VAT]</u>
Total	£xxx

Fees based on time spent (Cap agreed)

Our fees are based on time spent.

Our hourly rates are:

Grade	Hourly rate/range of rates
Partner	£[] to £[]
Senior manager	£[]
Consultant	£[]

These will be updated annually on [insert date] each year or by notice to you. Hourly rates are quoted net of VAT and are subject to the addition of disbursements.

Or

A full list of the time spent and the charge-out rates used is available on request.

We have agreed the following fee cap for each assignment

By way of summary, our agreed fee cap for each service will be as follows:

[Service one – insert period]	£xxx [plus VAT]
[Service two – insert period]	<u>£xxx [plus VAT]</u>
Total	£xxx [plus VAT]

OR

Fees (fixed and other) [section to be tailored using standard paragraphs above – this is an example of one possibility]

Our fixed fee for state-specific work will be £[insert amount.]

Our fees for all other work are based on time spent.

[By way of summary we estimate that our fees for [insert period] will be as follows:

[Service one]	£xxx [plus VAT]
[Service two]	£xxx [plus VAT]
Total	£xxx [plus VAT]

OR

Fees (fixed and monthly or other billing schedule) *[section to be tailored using standard paragraphs above – this is an example of one possibility]*

Our fixed fee will be in relation to each service for the year highlighted:

[Service one eg for payroll 2026/27]	£xxx [plus VAT]	
[Service two eg self-assessment 2025/26]		£xxx [plus VAT]
Total	£xxx [plus VAT]	

Our fees for all other work are based on time spent.

[By way of summary our fees for *[insert period]* will be billed from *[insert month]* and on the following billing schedule:

[April xx]	£xxx [plus VAT]
[May xx]	£xxx [plus VAT]
[June xx]	£xxx [plus VAT]
[July xx]	£xxx [plus VAT]
[August xx]	£xxx [plus VAT]
[September xx]	£xxx [plus VAT]
[October xx]	£xxx [plus VAT]
[November xx]	£xxx [plus VAT]
[December xx]	£xxx [plus VAT]
[January xx]	£xxx [plus VAT]
[February xx]	£xxx [plus VAT]
[March xx]	£xxx [plus VAT]
Total	£xxx [plus VAT]

Our monthly fees will continue on a similar basis for subsequent years including any uplift.

If it is necessary to carry out work outside the agreed work outlined in this letter it will involve additional fees. These fees will be computed on the basis of time spent by principals and our staff, and on the levels of skill and responsibility involved. A full list of the time spent and the charge-out rates used is available on request.

Fees to be settled by a tax refund

Use tables above but include the following sentence:

You have requested that tax refunds should be paid into our practice and used to settle outstanding fees. The balance of the tax refund is then to be repaid to you immediately.

[Note a practitioner needs to confirm with the client that monies held or received on the client's behalf will be applied against a fee. Any such agreement should be in writing and have regard to the guidance on client monies.]

[This sample privacy notice is intended as an outline guide to the form that a privacy notice issued to a client might take. Any practitioner who intends to draw upon this sample text should note that it will ALWAYS require modification to suit the particular circumstances in which it is to be used. It is therefore essential that practitioners familiarise themselves with their obligations under the GDPR and other relevant legislation, and consider in every case what information they must provide. Practitioners who are in doubt as to their obligations should obtain legal advice.]

PRIVACY NOTICE issued by *[Name of practice]*

Introduction

The Data Protection Act 2018 (“DPA 2018”) and the UK General Data Protection Regulation (“UK GDPR”) impose certain legal obligations in connection with the processing of personal data.

[Name of practice] is a data controller within the meaning of the GDPR and we process personal data. The firm’s contact details are as follows: *[Contact details for the firm and where applicable name and contact details for data protection officer and contact details of the firm’s representative if applicable]*

We may amend this privacy notice from time to time. If we do so, we will supply you with and/or otherwise make available to you a copy of the amended privacy notice.

Where we act as a data processor on behalf of a data controller (for example, when processing payroll), we provide an additional schedule setting out required information as part of that agreement. That additional schedule should be read in conjunction with this privacy notice.

The purposes for which we intend to process personal data

We intend to process personal data for the following purposes *[the items below are listed by way of illustration only – practitioners should delete any which do not apply, and add any additional purposes for which they intend to process personal data]:*

- To enable us to supply professional services to you as our client.
- To fulfil our obligations under relevant laws in force from time to time (eg the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 as amended (“MLR 2017“)).
- To comply with professional obligations to which we are subject as a member of *[name of body]*.
- To use in the investigation and/or defence of potential complaints, disciplinary proceedings and legal proceedings.
- To enable us to invoice you for our services and investigate/address any attendant fee disputes that may have arisen.
- To contact you about other services we provide which may be of interest to you if you have consented to us doing so.
- *[any other purposes]*

The legal bases for our intended processing of personal data

Our intended processing of personal data has the following legal bases *[practitioners should delete any of the bases which do not apply, and add any further bases which are applicable. This section is particularly likely to require modification where personal data within the “special categories” (as defined by Article 9 of the GDPR) is to be processed]*:

- At the time you instructed us to act, you gave consent to our processing your personal data for the purposes listed above *[if consent is to be relied upon, it is important that the client’s free, specific, informed and unambiguous consent is obtained as part of the engagement process]*.
- The processing is necessary for the performance of our contract with you.
- The processing is necessary for compliance with legal obligations to which we are subject (eg MLR 2017).
- The processing is necessary for the purposes of the following legitimate interests which we pursue: *[list ALL legitimate interests relied upon, eg investigating/defending legal claims]*.

It is a requirement of our contract with you that you provide us with the personal data that we request. If you do not provide the information that we request, we may not be able to provide professional services to you. *If this is the case, we will not be able to commence acting or will need to cease to act.*

[Categories of personal data collected]

This must be included when the practitioner obtains the data from someone other than the data subject. If required, list out the categories of personal data concerned.]

[Source of personal data collected]

This must be included when the practitioner obtains the data from someone other than the data subject. If required, list out the sources. If the data came from publicly accessible sources, this should be stated.]

Persons/organisations to whom we may give personal data

We may share your personal data with:

- HMRC
- any third parties with whom you require or permit us to correspond
- subcontractors
- an alternate appointed by us in the event of incapacity or death
- tax insurance providers
- professional indemnity insurers
- our professional body *[insert name of professional body]* and/or the Office of Professional Body Anti-Money Laundering Supervisors (OPBAS) in relation to practice assurance and/or the requirements of MLR 2017 (or any similar legislation)
- *[any other recipients]*

If the law allows or requires us to do so, we may share your personal data with:

- the police and law enforcement agencies
- courts and tribunals
- the Information Commissioner’s Office (ICO)

We may need to share your personal data with the third parties identified above in order to comply with our legal obligations, including our legal obligations to you. If you ask us not to share your personal data with such third parties we may need to cease to act.

Transfers of personal data outside the UK

[Your personal data will be processed in the UK only]

OR

[tailored changes will be required where data is to be transferred outside the EEA or to an international organisation].

Retention of personal data

When acting as a data controller and in accordance with recognised good practice within the tax and accountancy sector, we will retain all of our records relating to you as follows:

- where tax returns have been prepared it is our policy to retain information for [\[see guidance, for example, 7 years\]](#) from the end of the tax year to which the information relates.
- where ad hoc advisory work has been undertaken it is our policy to retain information for [\[insert figure\]](#) years from the date the business relationship ceased.
- where we have an ongoing client relationship, data which is needed for more than one year’s tax compliance (eg capital gains base costs and claims and elections submitted to HMRC) is retained throughout the period of the relationship, but will be deleted [\[insert figure\]](#) years after the end of the business relationship unless you as our client ask us to retain it for a longer period.

Our contractual terms provide for the destruction of documents after [\[insert figure\]](#) years and therefore agreement to the contractual terms is taken as agreement to the retention of records for this period, and to their destruction thereafter.

You are responsible for retaining information that we send to you (including details of capital gains base costs and claims and elections submitted) and this will be supplied in the form agreed between us. Documents and records relevant to your tax affairs are required by law to be retained by you as follows:

Individuals, trustees and partnerships

- with trading or rental income: five years and 10 months after the end of the tax year;
- otherwise: 22 months after the end of the tax year.

Companies, LLPs and other corporate entities

- six years from the end of the accounting period.

Where we act as a data processor as defined in DPA 2018, we will delete or return all personal data to the data controller as agreed with the controller [monthly/annually/at the termination of the contract].

Requesting personal data we hold about you (subject access requests)

You have a right to request access to your personal data that we hold. Such requests are known as ‘subject access requests’ (“SARs”).

Please provide all SARs in writing marked for the attention of *[contact name in the organisation]*.

To help us provide the information you want and deal with your request more quickly, you should include enough details to enable us to verify your identity and locate the relevant information. For example, you should tell us:

- your date of birth
- previous or other name(s) you have used
- your previous addresses in the past five years
- personal reference number(s) that we may have given you, for example your national insurance number, your tax reference number or your VAT registration number
- what type of information you want to know

If you do not have a national insurance number, you must send a copy of:

- the back page of your passport or a copy of your driving licence; and
- a recent utility bill.

DPA 2018 requires that we comply with a SAR promptly and in any event within one month of receipt. There are, however, some circumstances in which the law allows us to refuse to provide access to personal data in response to a SAR (eg if you have previously made a similar request and there has been little or no change to the data since we complied with the original request).

We will not charge you for dealing with a SAR.

You can ask someone else to request information on your behalf – for example, a friend, relative or solicitor. We must have your authority to respond to a SAR made on your behalf. You can provide such authority by signing a letter which states that you authorise the person concerned to write to us for information about you, and/or receive our reply.

Where you are a data controller and we act for you as a data processor (eg by processing payroll), we will assist you with SARs on the same basis as is set out above.

Putting things right (the right to rectification)

You have a right to obtain the rectification of any inaccurate personal data concerning you that we hold. You also have a right to have any incomplete personal data that we hold about you completed. Should

you become aware that any personal data that we hold about you is inaccurate and/or incomplete, please inform us immediately so we can correct and/or complete it.

Deleting your records (the right to erasure)

In certain circumstances you have a right to have the personal data that we hold about you erased. Further information is available on the ICO website (www.ico.org.uk). If you would like your personal data to be erased, please inform us immediately and we will consider your request. In certain circumstances we have the right to refuse to comply with a request for erasure. If applicable, we will supply you with the reasons for refusing your request.

The right to restrict processing and the right to object

In certain circumstances you have the right to 'block' or suppress the processing of personal data or to object to the processing of that information. Further information is available on the ICO website (www.ico.org.uk). Please inform us immediately if you want us to cease to process your information or you object to processing so that we can consider what action, if any, is appropriate.

Obtaining and reusing personal data (the right to data portability)

In certain circumstances you have the right to be provided with the personal data that we hold about you in a machine-readable format, eg so that the data can easily be provided to a new professional adviser. Further information is available on the ICO website (www.ico.org.uk).

The right to data portability only applies:

- to personal data an individual has provided to a controller;
- where the processing is based on the individual's consent or for the performance of a contract; and
- when processing is carried out by automated means

We will respond to any data portability requests made to us without undue delay and within one month. We may extend the period by a further two months where the request is complex or a number of requests are received, but we will inform you within one month of the receipt of the request and explain why the extension is necessary.

Withdrawal of consent

Where you have consented to our processing of your personal data, you have the right to withdraw that consent at any time. Please inform us immediately if you wish to withdraw your consent.

Please note:

- the withdrawal of consent does not affect the lawfulness of earlier processing
- if you withdraw your consent, we may not be able to continue to provide services to you
- even if you withdraw your consent, it may remain lawful for us to process your data on another legal basis (eg because we have a legal obligation to continue to process your data)

Automated decision-making

We do not intend to use automated decision-making in relation to your personal data. *[specific advice should be sought by any practitioner who intends to use automated decision-making]*

Complaints

If you have requested details of the information we hold about you and you are not happy with our response, or you think we have not complied with the GDPR or DPA 2018 in some other way, you can complain to us. Please send any complaints to *[contact details]*.

If you are not happy with our response, you have a right to lodge a complaint with the ICO (www.ico.org.uk).

[Name of practice]

SCHEDULE OF SERVICES

This schedule should be read in conjunction with the engagement letter and the standard terms and conditions.

PERSONAL TAX – INDIVIDUALS AND COUPLES

Recurring compliance work

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, we will submit your returns to HMRC.
2. We will calculate your income tax, high-income child benefit charge (if applicable), national insurance contributions (NIC) and any capital gains tax liabilities as included on your self-assessment return, and tell you how much you should pay and when. Where instructed by you we will advise on the interest and penalty 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.
3. Other than universal credit (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.
4. We will review PAYE notices of coding provided to us by you and advise accordingly. Note agents are not automatically notified of changes to coding notices.
5. [Ad hoc queries by way of telephone and email enquiries are not routine compliance and may result in additional fees. As indicated below, where appropriate we will aim to discuss and agree additional fees, but it may not always be possible to agree these in advance and we reserve the right to charge you an additional fee for these queries.]

Ad hoc and advisory work

6. Where you have instructed 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 standard terms and conditions of business unless we decide to issue a separate engagement letter. An additional fee may be charged for these services. Examples of such work include:
 - 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 [note

this work will always result in additional fees]. 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;

- advising on ad hoc transactions (for example, pre-sale advice on the sale of assets) and queries (including telephone conversations), preparing and submitting information in the relevant format to HMRC and calculating any related tax liabilities;
 - advising on extraction of cash from your personal service company and completion of tax returns if you have been treated as a deemed employee under the IR35/off-payroll working rules;
 - advising on double tax relief if appropriate;
 - dealing with any enquiry opened into your tax return or tax affairs by HMRC;
 - preparing any amended returns that may be required and corresponding with HMRC as necessary;
 - where you notify us that HMRC has issued communications directly to you. As HMRC does not provide agent access to all areas of client affairs we assume that you will deal with a response in the first instance.
 - where HMRC service delays result in additional time taken to resolve matters of which we are engaged to assist with;
 - checking your National Insurance Contributions (NIC) record and state pension forecast;
 - advising on your entitlement to the state pension and other contributory social security benefits or on voluntary NI contributions;
 - advising whether you are resident in the UK for tax purposes, or whether you are resident in Scotland or Wales for income tax purposes;
 - advising on Inheritance tax (IHT) and estate planning, including advising on IHT exposure, tax efficiency of wills, and the availability of inheritance tax reliefs; and
 - advising on universal credit.
7. Where specialist advice is required, we may need to seek this from or refer you to appropriate specialists. We will only do this when instructed by you.

Universal credit

8. If we agree to advise you on universal credit we will issue a separate letter or schedule to cover this area. Universal credit is, 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.

Changes in the law or practice or in public policy

9. 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 practice or in public policy or your circumstances.
10. We will accept no liability for losses arising from changes in the law or practice or in public policy that are first published after the date on which the advice is given.

Your responsibilities

11. 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 tax on time.

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

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

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 worldwide sources of income, charges, allowances and capital transactions;
- (b) to provide all information necessary for dealing with your affairs: we will rely on the information and documents being true, correct and complete, and 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 full details of all UK residential property disposals including associated costs/valuations prior to disposal. Where you consider that you will be non-UK resident in the tax year of disposal, full details of *all* UK property disposals (residential and non-residential) and disposals of shares in UK property rich-companies or UK property-rich collective investment vehicles, or other such 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 after the completion date
- (e) to provide us with information in sufficient time for your tax return to be completed and submitted by the [due date]/[selected date] following the end of the tax year. For us to do

this, we need to receive all relevant information by []. Where feasible we may agree to complete your return within a shorter period but may charge an additional fee of £[] for so doing.

13. You will keep us informed of material changes in your circumstances that could affect your tax position. If you are unsure whether the change is material or not, please let us know so that we can assess its significance.
14. Where you wish us to deal with HMRC communications, you will forward to us all communications received from HMRC such as HMRC statements of account, copies of notices of assessment, tax codes and letters. These must be provided in time to enable us to deal with them as may be necessary within the statutory time limits. It is essential that you let us have copies of any correspondence received because HMRC is not obliged to send us copies of all communications issued to you.
15. [You are responsible for employment taxes, pensions (including auto-enrolment) and the assessment of the tax status of your workers, including domestic staff. If you do not understand what you need to consider or 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. We are not responsible for any penalty that is incurred.]
16. **Our services as detailed above are subject to the limitations on our liability set out in the engagement letter and in paragraph 18 of our standard terms and conditions of business. These are important provisions, which you should read and consider carefully.**

[You and your spouse/partner]

[For use where services are provided to a couple]

17. [We shall advise you and your [spouse/partner] on the basis that you are a family unit. You agree that in all matters relating to you 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.]
18. [You undertake that all instructions, information or explanations either of you gives us will be on behalf of both of you.]

[Date:

Name of practice:]

Appendix B2a

[Name of practice]

SCHEDULE OF SERVICES

This schedule should be read in conjunction with the engagement letter and the standard terms and conditions.

PERSONAL TAX – SOLE TRADERS AND PROPERTY INCOME

Recurring compliance work – accounts

1. We will prepare the business accounts in accordance with [FRS 102, FRS 105, generally accepted accounting standards as agreed by you] from the books, accounting records and other information and explanations provided to us by you and/or by others on your behalf.
2. We will prepare the accounts on the default cash basis unless we agree with you that it is appropriate to elect to use the accruals basis and the accounts are to be prepared on that basis. We will then deal with the election on completion of your tax return].
3. We will complete the writing up of your books and records in so far as they are incomplete when presented to us. These will be from the accounting information and records you supply.
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 business, nor the items of expenditure and income. 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. Accordingly, we shall not seek any independent evidence to support the entries in the accounting records, or to prove the existence, ownership or valuation of assets or completeness of income, liabilities or disclosure in the accounts. Nor shall we assess the reasonableness of any estimates or judgements made in the preparation of the accounts. Consequently, our work will not provide any assurance that the accounting records are free from material misstatement, irregularities or error. 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.]
5. [We have a professional duty to compile accounts that conform with generally accepted accounting principles. Where we identify that the accounts do not conform with generally accepted accounting principles or standards, we will inform you and suggest amendments be put through the accounts before being finalised. We have a professional responsibility not to allow our name to be associated with accounts that may be misleading. In extreme cases, where this matter cannot be resolved, we will withdraw from the engagement and notify you in writing of the reasons.]
6. [Should you instruct us to carry out any alternative report it will be necessary for us to issue a separate letter of engagement.]
7. [To ensure that anyone reading the accounts is aware that we have not carried out an audit, we will

attach to the accounts a report stating this fact.]

8. [A practitioner who is also a member of one of the CCAB bodies may also wish to include the following wording] [We will attach to the accounts a report developed by the Consultative Committee of Accountancy Bodies (CCAB) that explains what work has been done by us, the professional requirements we have to fulfil and the standard to which the work has been carried out. Web links are provided in the report so that you can obtain further information from the [insert name of professional body] about:

- (a) the technical guidance for the work, and
- (b) the related ethical and other professional requirements.]

9. [You are the intended user of the report and the report will be addressed to you.]

10. [Once we have issued our report we have no further responsibility in relation to the accounts for that financial year.

11. [There are no third parties that we have agreed should be entitled to rely on the work done pursuant to this engagement letter.

Or

We have agreed that the following third parties should be entitled to rely on our work pursuant to this engagement [insert details of third parties]].

Recurring compliance work – tax

12. 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, we will submit your returns to HMRC.
13. We will calculate your income tax, high-income child benefit charge, national insurance contributions (NIC) and any capital gains tax liabilities as included on your self-assessment return, and tell you how much you should pay and when. [We will advise on the interest and penalty 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.]
14. Other than universal credit (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.
15. We will review PAYE notices of coding provided to us by you and advise accordingly. Note agents are not automatically notified of changes to coding notices.
16. [Ad hoc queries by way of telephone and email enquiries are not routine compliance and may result in additional fees. As indicated below, where appropriate we will aim to discuss and agree additional fees, but it may not always be possible to agree these in advance and we reserve the right to charge you an additional fee for these queries.]

Ad hoc and advisory work

17. Where you have instructed 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 standard terms and conditions of business unless we decide to issue a separate engagement letter. An additional fee may be charged for these services. Examples of such work include:

- 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 [note this work will always result in additional fees]. 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;
- advising on ad hoc transactions (for example, pre-sale advice on the sale of assets) and queries (including telephone conversations), preparing and submitting information in the relevant format to HMRC and calculating any related tax liabilities;
- advising on double tax relief if appropriate;
- dealing with any enquiry opened into your tax return or tax affairs by HMRC;
- preparing any amended returns that may be required and corresponding with HMRC as necessary;
- where you notify us that HMRC has issued communications directly to you. As HMRC does not provide agent access to all areas of client affairs we assume that you will deal with a response in the first instance;
- where HMRC service delays result in additional time taken to resolve matters on which we are engaged to assist; and
- advising on the rules relating to and assisting with both VAT registration and deregistration [or equivalent non-UK taxes].

18. Where specialist advice is required, on occasions we may need to seek this from or refer you to appropriate specialists. We will only do this when instructed by you.

Universal credit

19. If we agree to advise you on universal credit we will issue a separate letter or schedule to cover this area. Universal credit is, 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.

Changes in the law or practice or in public policy

20. 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 practice or in public policy or your circumstances.
21. We will accept no liability for losses arising from changes in the law or practice or in public policy that are first published after the date on which the advice is given.

Your responsibilities

22. [You are required to prepare accounts (financial statements) for each financial year, which give a true and fair view of the state of affairs of the business and of its profit or loss for that period. In preparing those accounts you should:
 - (a) select suitable accounting policies and then apply them consistently; and
 - (b) make judgements and estimates that are reasonable and prudent.]
23. [It is your responsibility to keep proper accounting records that disclose with reasonable accuracy at any particular time the financial position of the business. It is also your responsibility to safeguard the assets and to take reasonable steps for the prevention of and detection of fraud and other irregularities with an appropriate system of internal controls.]
24. [You are also responsible for making available to us, as and when required, all accounting records and all other relevant records and related information.]
25. [You will also be responsible for:
 - (a) maintaining records of all receipts and payments of cash;
 - (b) maintaining records of invoices issued and received;
 - (c) reconciling balances [monthly/annually] with the bank statements;
 - (d) preparing a record of business mileage undertaken in the year; where appropriate, a record of total mileage in each vehicle and all expenditure relating to each vehicle used for business in the year;
 - (e) preparing a record of hours per month worked at home if you wish to claim for business use of your home;
 - (f) preparing details of any loan interest paid;
 - (g) preparing a record of capital introduced; and
 - (h) preparing details of the following at the year-end: stocks and work in progress, fixed assets, amounts owing to creditors, amounts owing by customers, and accruals and prepayments.]

26. 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 tax on time.

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

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

28. 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 worldwide sources of income, charges, allowances and capital transactions;
- (b) to provide all information necessary for dealing with your affairs, including the accounts information outlined above: we will rely on the information and documents being true, correct and complete, and will not audit the information or those documents;
- (c) to provide full details of all UK residential property disposals including associated costs/valuations prior to disposal. Where you consider that you will be non-UK resident in the tax year of disposal, full details of *all* UK property disposals (residential and non-residential) and disposals of shares in UK property-rich companies or 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 after the completion date.
- (d) to authorise us to approach such third parties as may be appropriate for information that we consider necessary to deal with your affairs; and
- (e) to provide us with information in sufficient time for your tax return to be completed and submitted by the [due date]/[selected date] following the end of the tax year. For us to do this, we need to receive all relevant information by []. Where feasible, we may agree to complete your return within a shorter period but may charge an additional fee of £[] for so doing.

29. You will keep us informed of material changes in your circumstances that could affect your tax position. If you are unsure whether the change is material or not please let us know so that we can assess its significance.

30. Where you wish us to deal with HMRC communications you will forward to us all communications received from HMRC such as HMRC statements of account, copies of notices of assessment, tax codes and letters. These must be provided in time to enable us to deal with them as may be necessary within

the statutory time limits. It is essential that you let us have copies of any correspondence received because HMRC is not obliged to send us copies of all communications issued to you.

31. (a) If you provide services, or make distance sales of goods, to private consumers in the European Union, you are responsible for either registering for VAT in that member state or registering for the VAT One Stop Shop (OSS).

[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 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 statutory time limit:

- If you exceed the threshold in the last 12 months; one month following the month in which you exceed the VAT registration threshold in force at that time.
- If you are going to exceed the threshold in the next 30 days alone; by the end of that 30-day period.

We will not be responsible if you fail to notify us in time and incur a late registration penalty as a result.

- (b) You are responsible for employment taxes, pensions (including auto-enrolment) and the assessment of the tax status of your workers. If you do not understand what you need to consider or 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. We are not responsible for any penalty that is incurred.]

32. **Our services as detailed above are subject to the limitations on our liability set out in the engagement letter and in paragraph 18 of our standard terms and conditions of business. These are important provisions that you should read and consider carefully.**

[Date:

Name of practice:]

[Practitioners should consider this schedule of services alongside the ethical guidance within PCRT.]

[Name of practice]

SCHEDULE OF SERVICES

This schedule should be read in conjunction with the engagement letter and the standard terms and conditions.

PERSONAL TAX – SOLE TRADERS AND PROPERTY INCOME

MAKING TAX DIGITAL FOR INCOME TAX (MTD for income tax)

Initial sign up

1. You are responsible for signing up for Making Tax Digital for income tax (MTD for income Tax). If you wish us to assist you in signing up with HMRC, we will be pleased to assist you in the MTD for income tax signing up process. You should notify us of your instruction to assist you in your MTD for income tax sign up in good time before the first quarterly return is due. We will not be responsible if you fail to notify us in time [insert date if required] and you incur a penalty as a result. By signing up, you are agreeing to HMRC's terms of participation, which include deadlines and associated penalties.

Recurring compliance work – accounts

2. We will prepare the annual business accounts in accordance with **[FRS 102, FRS 105, generally accepted accounting standards as agreed by yourselves]** from the books, accounting records and other information and explanations provided to us by you and/or by others on your behalf.
3. [We will prepare property accounts on the default cash basis unless we agree with you that it is appropriate to elect to use the accruals basis and the accounts are to be prepared on that basis. We will then deal with the election on completion of your tax return].
4. We will complete the writing up of your books and records insofar as they are incomplete when preparing the annual accounts. These will be from the accounting information and records you supply.
5. *[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 business, nor the items of expenditure and income. 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. Accordingly, we shall not seek any independent evidence to support the entries in the accounting records, or to prove the existence, ownership or valuation of assets or completeness of income, liabilities or disclosure in the accounts. Nor shall we assess the reasonableness of any estimates or judgements made in the preparation of the accounts. Consequently, our work will not provide any assurance that the accounting records are free from material misstatement, irregularities or error. 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.]

6. [We have a professional duty to compile accounts that conform with generally accepted accounting principles. Where we identify that the accounts do not conform with generally accepted accounting principles or standards, we will inform you and suggest amendments be put through the accounts before being finalised. We have a professional responsibility not to allow our name to be associated with accounts that may be misleading. In extreme cases, where this matter cannot be resolved, we will withdraw from the engagement and notify you in writing of the reasons.]
7. [Should you instruct us to carry out any alternative report it will be necessary for us to issue a separate letter of engagement.]
8. [To ensure that anyone reading the accounts is aware that we have not carried out an audit, we will attach to the accounts a report stating this fact.]
9. [*A practitioner who is also a member of one of the CCAB bodies may also wish to include the following wording*] [We will attach to the accounts a report developed by the Consultative Committee of Accountancy Bodies (CCAB) that explains what work has been done by us, the professional requirements we have to fulfil and the standard to which the work has been carried out. Web links are provided in the report so that you can obtain further information from the [*insert name of professional body*] about:
 - (a) the technical guidance for the work, and
 - (b) the related ethical and other professional requirements.]
10. [You are the intended user of the report and the report will be addressed to you.]
11. [Once we have issued our report, we have no further responsibility in relation to the accounts for that financial year.]
12. [There are no third parties that we have agreed should be entitled to rely on the work done pursuant to this engagement letter.]

Or

[We have agreed that the following third parties should be entitled to rely on our work pursuant to this engagement [*insert details of third parties*]].

Recurring compliance work – tax

13. [We will keep records to meet the digital record-keeping requirements of MTD for income tax. You must ensure the data provided to us is complete and accurate.]

Or

[Where you, or a third party, prepare or retain the records, we may need to confirm that the process for performing the digital record keeping is of an appropriate standard to meet the requirements of

MTD for income tax. You are required to provide the information that we may request to understand whether HMRC's digital record-keeping requirements have been met. Where your digital records are incompatible with our software, we will agree with you an appropriate solution and this may require an additional fee.]

14. [We will prepare your MTD for income tax quarterly updates on a quarterly basis. We will require your records [] days after the quarter end and therefore, for the first quarter, this will be the quarterly update for the period [date].]
15. [We will submit your quarterly MTD for income tax updates online to HMRC [after the data to be included therein has been approved]/[on the basis of the data provided] [delete as appropriate], by you.]
16. [We will prepare your year-end tax return from the submitted quarterly updates and information and explanations that you, or a third party, provide to us. After obtaining your approval, we will submit your tax return to HMRC.]
17. We will calculate your income tax, high-income child benefit charge, national insurance contributions (NIC) and any capital gains tax liabilities as included on your tax return, and tell you how much you should pay and when. Where instructed by you, we will advise on the interest and penalty 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.
18. Other than Universal Credit (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.
19. We are not responsible for considering or applying for any of the exemptions from MTD for income tax. 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.
20. We will advise you of any relaxations applicable in relation to the digital records. Where the requirements are impossible, impractical or unduly onerous we will seek to reach agreement with HMRC on a specific relaxation, but this may be subject to an additional fee.
21. We will review PAYE notices of coding provided to us by you and advise accordingly. Note that HMRC no longer sends copies of notices of coding to agents.
22. [Ad hoc queries by way of telephone and email enquiries are not routine compliance and may result in additional fees. As indicated below, where appropriate we will aim to discuss and agree additional fees, but it may not always be possible to agree these in advance and we reserve the right to charge you an additional fee for these queries.]

Ad hoc and advisory work

23. Where you have instructed 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 standard terms and conditions of business unless we decide to issue a separate engagement letter. An additional fee may be charged for these services. Examples of such work include:

- 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 [note that this work will always result in additional fees]. 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;
- advising on ad hoc transactions (for example, pre-sale advice on the sale of assets) and queries (including telephone conversations), preparing and submitting information in the relevant format to HMRC, and calculating any related tax liabilities;
- advising on double tax relief if appropriate;
- dealing with any compliance check or enquiry opened into your tax return or tax affairs by HMRC;
- preparing any amended returns that may be required and corresponding with HMRC as necessary;
- where you notify us that HMRC has issued communications directly to you. As HMRC does not provide agent access to all areas of client affairs we assume that you will deal with a response in the first instance;
- where HMRC service delays result in additional time taken to resolve matters on which we are engaged to assist; and
- advising on the rules relating to and assisting with VAT registration and deregistration [or equivalent non-UK taxes].

24. Where specialist advice is required, on occasion we may need to seek this from or refer you to appropriate specialists. We will only do this when instructed by you.

Universal Credit

25. If we agree to advise you on Universal Credit, we will issue a separate letter or schedule to cover this area. Universal Credit is, 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.

Changes in the law or practice or in public policy

26. 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, in practice, in public policy, or in your circumstances.
27. We will accept no liability for losses arising from changes in the law, in practice, or in public policy that are first published after the date on which the advice is given.

Your responsibilities

28. [You are required to prepare accounts (financial statements) for each financial year, which give a true and fair view of the state of affairs of the business and of its profit or loss for that period. In preparing those accounts you should:
 - (a) select suitable accounting policies and then apply them consistently
 - (b) make judgements and estimates that are reasonable and prudent.]
29. [It is your responsibility to keep proper accounting records that disclose with reasonable accuracy at any particular time the financial position of the business. It is also your responsibility to safeguard the assets and to take reasonable steps for the prevention of and detection of fraud and other irregularities with an appropriate system of internal controls.]
30. [You are also responsible for making available to us, as and when required, all accounting records and all other relevant records and related information.
31. [You will also be responsible for:
 - (a) maintaining records of all receipts and payments of cash;
 - (b) maintaining records of invoices issued and received;
 - (c) reconciling balances [monthly/quarterly] with the bank statements;
 - (d) preparing a record of business mileage undertaken in the year;
 - (e) preparing a record of hours per month worked at home if you wish to claim for business use of your home;
 - (f) preparing details of any loan interest paid;
 - (g) preparing a record of capital introduced; and
 - (h) preparing details of the following at the year-end: stocks and work in progress, fixed assets, amounts owing to creditors, amounts owing by customers, and accruals and prepayments.]
32. [Where we are keeping your digital records for the purposes of MTD for income tax, you are responsible for providing us with the following information:
 - (a) sales invoices

- (b) purchase invoices
- (c) bank statements
- (d) details of bank and cash payments
- (e) details of bank and cash receipts
- (f) work-in-progress details
- (g) access to your accounting records.

We have also agreed that you will provide the following:

- (a) a record of the amounts owed to the business
- (b) a record of amounts owed by the business
- (c) a list of accruals
- (d) a list of prepayments
- (e) private-use adjustments].

33. [You will be responsible for keeping records in a format that meets the digital record-keeping requirements of MTD for income tax. You must ensure that the data provided to us is complete and accurate.]

34. [You must ensure that your digital records meet HMRC's digital record-keeping requirements.]

35. [You have a legal responsibility to retain documents and records. This is set out in our standard terms and conditions of business under retention of papers. Where the accounting records are accessed via a third party, you should ensure that you maintain access to your records.]

36. [It is also your responsibility to prepare and submit your MTD for income tax updates on a quarterly basis online to HMRC and provide us with your digital records to assist with the preparation of your year-end tax return).]

37. [You will be responsible for preparing and submitting your year-end tax return to HMRC from the quarterly updates prepared by us, or a third party, and information that you provide.]

38. You are legally responsible for:

- (a) ensuring that your year-end tax return is correct and complete and in an appropriate digital format, and capture the appropriate level of data;
- (b) ensuring that your record-keeping system is compliant with the new requirements for the digital recording and transfer of data;
- (c) filing any quarterly updates and year-end tax return by the due date; and
- (d) paying tax on time.

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

39. Taxpayers who approve their [quarterly updates and] year-end tax return cannot delegate this legal responsibility to others. You agree to check that returns that we have prepared for you are complete before you approve them.

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

(a) [that all quarterly updates are to be made on the basis of full disclosure of all sources of income and charges, and that all year-end tax returns are to be made on the basis of full disclosure of all sources of income, charges, allowances and capital transactions];

Or

[that all year-end tax returns are to be made on the basis of full disclosure of all sources of income, charges, allowances and capital transactions];

(b) to provide all information necessary for dealing with your affairs, including the accounts information outlined above; we will rely on the information and documents being true, correct and complete, and will not audit the information or those documents;

(c) to provide full details of all UK residential property disposals, including associated costs/valuations prior to disposal. Where you consider that you will be non-UK resident in the tax year of disposal, full details of *all* UK property disposals (residential and non-residential) and disposals of shares in UK property-rich companies or 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 after the completion date of the disposal;

(d) to authorise us to approach such third parties as may be appropriate for information that we consider necessary to deal with your affairs;

(e) [to provide us with all the records relevant to the preparation of your quarterly updates as soon as possible after the period ends. We would ordinarily need a minimum of [] days before submission to complete our work. If the records are provided later or are incomplete or unclear, thereby delaying the preparation and submission of the filing, we accept no responsibility for any penalty that may arise];

(f) [where a quarterly or annual submission obligation is missed, this may incur a penalty point according to HMRC's points-based system for late filing. Once the points threshold has been reached, a financial penalty may apply. Should you wish us to assist in reviewing and appealing the penalty point or financial penalty, you should notify us of your instruction and confirm the grounds for the appeal a minimum of [] days before the appeal deadline. Where instructed by you, we will make an appeal in the form and manner required by HMRC];

(g) to provide us with information in sufficient time for your tax return to be completed and submitted by the [due date]/[selected date] following the end of the tax year. In order that we can do this, we need to receive all relevant information by []. Where feasible, we may agree to complete your return within a shorter period but may charge an additional fee of £[] for so doing.

41. 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 its significance.
42. Where you wish us to deal with HMRC communications, you will forward to us all communications received from HMRC such as HMRC statements of account, copies of notices of assessment, tax codes and letters. These must be provided in time to enable us to deal with them as may be necessary within the statutory time limits. It is essential that you let us have copies of any correspondence received because HMRC is not obliged to send us copies of all communications issued to you.
43. (a) If you provide services, or make distance sales of goods, to private consumers in the European Union, you are responsible for either registering for VAT in that member state or registering for the VAT One Stop Shop (OSS).

(b) [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 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 statutory time limit;

- If you exceed the threshold in the last 12 months; One month following the month in which you exceed the VAT registration threshold in force at that time.
- If you are going to exceed the threshold in the next 30 days alone; By the end of that 30 day period.

We will not be responsible if you fail to notify us in time and incur a late-registration penalty as a result.

(c) You are responsible for employment taxes, pensions (including auto-enrolment) and the assessment of the tax status of your workers. If you do not understand what you need to consider or 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. We are not responsible for any penalty that is incurred.]

44. **Our services as detailed above are subject to the limitations on our liability set out in the engagement letter and in paragraph 18 of our standard terms and conditions of business. These are important provisions that you should read and consider carefully.**

[Date:

Name of practice:]

Appendix B3

[Name of practice]

SCHEDULE OF SERVICES

This schedule should be read in conjunction with the engagement letter and the standard terms and conditions.

COMPANY ACCOUNTS

Recurring compliance work – accounts

1. We will prepare the company accounts in accordance with [FRS 102, FRS 105, generally accepted accounting standards whichever is chosen by you] from the books, accounting records and other information and explanations provided to us by you and/or by others on your behalf.
2. We will complete the writing up of your books and records in so far as they are incomplete when presented to us. These will be from the accounting information and records you supply. You are responsible for notifying us of any incomplete or missing records and for supplying sufficient and appropriate information to enable us to complete the records.
3. [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 business, nor the items of expenditure and income. 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. Accordingly, we shall not seek any independent evidence to support the entries in the accounting records, or to prove the existence, ownership or valuation of assets or completeness of income, liabilities or disclosure in the accounts. Nor shall we assess the reasonableness of any estimates or judgements made in the preparation of the accounts. Consequently, our work will not provide any assurance that the accounting records are free from material misstatement, irregularities or error. 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.]
4. [We have a professional duty to compile accounts that conform with generally accepted accounting principles. Where we identify that the accounts do not conform with generally accepted accounting principles or standards, we will inform you and suggest amendments be put through the accounts before being finalised. We have a professional responsibility not to allow our name to be associated with accounts that may be misleading. In extreme cases, where this matter cannot be resolved, we will withdraw from the engagement and notify you in writing of the reasons.]
5. [Should you instruct us to carry out any alternative report it will be necessary for us to issue a separate letter of engagement.]
6. [To ensure that anyone reading the accounts is aware that we have not carried out an audit, we will attach to the accounts a report stating this fact.]
7. [A practitioner who is also a member of one of the Consultative Committee of Accountancy Bodies (CCAB) bodies may also wish to include the following wording] [We will attach to the accounts a report

developed by the Consultative Committee of Accountancy Bodies (CCAB) that explains what work has been done by us, the professional requirements we have to fulfil and the standard to which the work has been carried out.] Web links are provided in the report so that you can obtain further information from the [insert name of professional body] about:

- (a) the technical guidance for the work, and
- (b) the related ethical and other professional requirements

8. [The intended users of the report are the directors. The report will be addressed to the directors.]
9. [Once we have issued our report we have no further responsibility in relation to the accounts for that financial year. However, we expect that you will inform us of any material event occurring between the date of our report and that of the annual general meeting that may affect the accounts.]
10. [There are no third parties that we have agreed should be entitled to rely on the work done pursuant to this engagement letter.

Or

We have agreed that the following third parties should be entitled to rely on our work pursuant to this engagement [insert details of third parties].

11. [Ad hoc queries by way of telephone and email enquiries are not routine compliance and may result in additional fees. As indicated below, where appropriate we will aim to discuss and agree additional fees, but it may not always be possible to agree these in advance and we reserve the right to charge you an additional fee for these queries.]

Ad hoc and advisory work

12. Where you have instructed 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 standard terms and conditions of business unless we decide to issue a separate engagement letter. An additional fee may be charged for these services. Examples of such work include:
 - advising on ad hoc transactions and queries (including telephone conversations); and
 - advising on double tax relief if appropriate.
13. Where specialist advice is required, on occasions we may need to seek this from or refer you to appropriate specialists. We will only do this when instructed by you.

Changes in the law or practice or in public policy

14. 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 practice or in public policy or your circumstances.

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

Your responsibilities

16. [You are required by statute to prepare accounts (financial statements) for each financial year, which give a true and fair view of the state of affairs of the company and of its profit or loss for that period. In preparing those accounts you must:
- (a) Select suitable accounting policies and then apply them consistently.
 - (b) Make judgements and estimates that are reasonable and prudent.
 - (c) Prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.
17. [It is your responsibility to keep proper accounting records that disclose with reasonable accuracy at any particular time the financial position of the company. It is also your responsibility to safeguard the assets of the company and to take reasonable steps for the prevention of and detection of fraud and other irregularities with an appropriate system of internal controls.]
18. [You are responsible for determining whether, in respect of the year concerned, the company meets the conditions for exemption from an audit set out in section 477, 479A or 480 of the Companies Act 2006.]
19. [You are also responsible for making available to us, as and when required, all the accounting records and all other relevant records and related information, including minutes of meetings.]
20. To enable us to carry out our work you agree to:
- (a) keep proper accounting records that disclose with reasonable accuracy at any particular time the financial position of the business;
 - (b) make available to us, as and when required, all the company's accounting records and all other relevant records and related information [including minutes of management and shareholders' meetings];
 - (c) prepare a record of capital introduced and all financial transactions undertaken by the directors;
 - (d) maintain records of all receipts and payments of cash;
 - (e) maintain records of invoices issued and received;
 - (f) reconcile balances monthly/annually with the bank statements; and
 - (g) prepare details of the following at the year end: stocks and work in progress; fixed assets; amounts owing to suppliers; amounts owing by customers; and accruals and prepayments.

(h) to inform us as soon as possible if anything occurs that renders any information previously provided to us inaccurate, incomplete, or misleading, and to supply updated information without delay.

21. As part of our normal procedures we may request you to provide written confirmation of any oral information and explanations given to us during the course of our work.
22. (a) If you provide services, or you make distance sales of goods, to private consumers in the European Union you are responsible for either registering for VAT in that member state or registering for VAT One Stop Shop (OSS).

[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 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 statutory time limit;

- If you exceed the threshold in the last 12 months; one month following the month in which you exceed the VAT registration threshold in force at that time.
- If you are going to exceed the threshold in the next 30 days alone; by the end of that 30-day period.

We will not be responsible if you fail to notify us in time and incur a late registration penalty as a result.

(b) You are responsible for employment taxes, pensions (including auto-enrolment) and the assessment of the tax status of your workers. If you do not understand what you need to consider or 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. We are not responsible for any penalty that is incurred.]

23. **Our services as detailed above are subject to the limitations on our liability set out in the engagement letter and in paragraph 18 of our standard terms and conditions of business. These are important provisions that you should read and consider carefully.**

[Date:

Name of practice:]

[If the trust has FATCA/CRS reporting requirements the practitioner should also refer to Appendix B4b]

[Name of practice]

SCHEDULE OF SERVICES

This schedule should be read in conjunction with the engagement letter and the standard terms and conditions.

TRUSTS AND ESTATES

Recurring compliance work

1. We will prepare:

- (a) the trust/estate self-assessment tax returns together with any supplementary pages required;
and
- (b) all inheritance tax returns required

from the information and explanations that you provide to us. After obtaining approval from the nominated trustee or other nominated person on behalf of all the trustees, we will submit your returns to HMRC.

- 2. [We will maintain the accounting records of the trust/estate on your behalf from the information and explanations provided to us on your behalf for the purposes of preparing the annual accounts and tax returns.]
- 3. [We will prepare the income and expenditure, distribution, accumulation and capital accounts (together with a balance sheet) and schedule of investments of the trust/estate from the accounting records and other information and explanations provided by you, and will obtain your approval of the accounts.]
- 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.]

5. We will calculate the income tax, capital gains tax (as included on your self-assessment return) and inheritance tax liabilities of the trust/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 calculation of the tax liabilities and initiate repayment claims if tax has been overpaid.
6. 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.
7. Where the terms of the trust/estate 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.
8. Under anti-money laundering legislation the trustees have obligations to maintain accurate and up-to-date records in writing of their beneficial owners and report specified information about the trust to HMRC.

Either

The trustees will be responsible for identifying whether or not the trust needs to be registered on the trust register maintained by HMRC and will deal with all registration requirements and all updates. For the purposes of completion of the self-assessment return, the trustees undertake to provide us with confirmation each year that either the declaration has been completed or is not required and that any required updates have been made.

Or

We will advise the trustees whether or not the trust is obliged to register details of its beneficial owners and associated information, and deal with any updates required. Provided that information is supplied by [date/the date agreed/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.]

9. [Ad hoc queries by way of telephone and email enquiries are not routine compliance and may result in additional fees. As indicated below, where appropriate we will aim to discuss and agree additional fees, but it may not always be possible to agree these in advance and we reserve the right to charge you an additional fee for these queries.]

Ad hoc and advisory work

10. Where you have instructed 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 standard terms and conditions of business unless we decide to issue a separate engagement letter. An additional fee may be charged for these services. Examples of such work include:
 - 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 [note

this work will always result in additional fees]. 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;

- advising on ad hoc transactions and queries (including telephone conversations), preparing and submitting information in the relevant format to HMRC and calculating any related tax liabilities (for example, the sale of assets held by the trust/estate or pre-sale advice on the sale of assets);
- Advising on the trust's FATCA/CRS status, registration and reporting requirements;
- advising on double tax relief if appropriate;
- dealing with any enquiry opened into a trust/estate self-assessment tax return or tax affairs by HMRC;
- dealing with any enquiries and/or assessments raised by HMRC in relation to inheritance tax;
- where you notify us that HMRC has issued communications directly to you. As HMRC does not provide agent access to all areas of client affairs we assume that you will deal with a response in the first instance; and
- where HMRC service delays result in additional time taken to resolve matters on which we are engaged to assist.

11. Where specialist advice is required, on occasions we may need to seek this from or refer you to appropriate specialists. We will only do this when instructed by the nominated [trustee/executor].

Changes in the law or practice or in public policy

12. 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 practice or in public policy or your circumstances.

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

Your responsibilities

14. As trustees/executors you have legal responsibility for:

- (a) ensuring that the trust's/estate's self-assessment tax returns are correct and complete;
- (b) ensuring that all inheritance tax returns are correct and complete;
- (c) filing any returns by the due date; and

(d) paying tax on time.

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

15. [Trustees/executors] who approve their returns cannot delegate this legal responsibility to others. You agree to check that returns that we have prepared are correct and complete before you approve them.

16. 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 worldwide income, charges, allowances and capital transactions;

(b) to provide all information necessary for dealing with the trust's/estate's taxation affairs [and trust registration and registration updates]: we will rely on the information being true, correct and complete and will not audit the information;

(c) to advise us of distributions made within 30 days of such an event;

(d) to provide full details of all UK residential property disposals including associated costs/valuations prior to disposal. Where you consider [the trustees will be non-UK resident in the tax year of disposal]/[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 or 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 after the completion date.

(e) to authorise us to approach such third parties as may be appropriate for information that we consider necessary to deal with the trust's/estate's taxation affairs;

(f) to provide us with information in sufficient time for the trust's/estate's self-assessment tax returns to be completed and submitted by the [due date]/[selected date] of [] following the end of the tax year. For us to do this, we need to receive all relevant information by []. Where feasible, we may agree to complete your return within a shorter period but may charge an additional fee of £[] for so doing;

(g) to provide us with information in sufficient time for the trust's/estate's inheritance tax returns to be completed and submitted by the due dates;

(h) [to provide us with

- records of all receipts and payments
- records of invoices issued and received
- all information to enable us to prepare your income and expenditure and capital accounts]

17. You will keep us informed of material changes in circumstances that could affect the income, capital gains and inheritance tax liabilities of the trust/estate. If you are unsure whether the change is

material or not, please let us know so that we can assess its significance.

18. Where you wish us to deal with HMRC communications you will forward to us all communications received from HMRC such as HMRC statements of account, copies of notices of assessment and letters. These must be provided in time to enable us to deal with them as may be necessary within the statutory time limits. It is essential that you let us have copies of any correspondence you receive because HMRC is not obliged to send us copies of all communications issued to you.
19. (a) If you provide services, or you make distance sales of goods, to private consumers in the European Union you are responsible for either registering for VAT in that member state or registering for VAT One Stop Shop (OSS).

[If you carry on a business as trustees/executors and make supplies for VAT purposes you are responsible for monitoring the 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 the VAT registration threshold is exceeded, and you would like us to assist in notifying HMRC of your liability to be VAT registered, we will be pleased to assist in the VAT registration process. Please notify us of your instructions to assist with the VAT registration in good time to enable a VAT registration form to be submitted within the statutory time limit:

- If you exceed the threshold in the last 12 months; one month following the month in which the VAT registration threshold in force at that time was exceeded.
- If you are going to exceed the threshold in the next 30 days alone; by the end of that 30-day period.

We will not be responsible if you fail to notify us in time and incur a late registration penalty as a result.

(b) You are responsible for employment taxes, pensions (including auto-enrolment) and the assessment of the tax status of your workers. If you do not understand what you need to consider or 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. We are not responsible for any penalty that is incurred].

20. 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.
21. **Our services as detailed above are subject to the limitations on our liability set out in the engagement letter and in paragraph 18 of our standard terms and conditions of business. These are important provisions, which you should read and consider carefully.**

[Date:

Name of practice:]

[A practitioner should be particularly careful to ensure that the services section is accurate and in particular does not include details of services that there has been no agreement to provide. This appendix is not drafted to cover the provision of general advice in connection with the UK/US intergovernmental agreement, including the UK regulations for Automatic Exchange of Information (AEOI). If you have been requested to provide such services, you must insert appropriate extra wording setting out the scope of the advice].

[Name of practice]

SCHEDULE OF SERVICES

This schedule should be read in conjunction with the engagement letter and the standard terms and conditions.

COMMON REPORTING STANDARD (CRS) AND FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA)

Recurring compliance work

1. [Registration with the Internal Revenue Service (IRS) and]
[returns to be submitted to HMRC and]

[advice on compliance with intergovernmental agreements]

For procedures regarding termination of service, please refer to the terms and conditions accompanying the engagement letter and this appendix.]

2. We will provide you with the following services (“the services”) in connection with your UK obligations under the [Model 1 intergovernmental agreement between the United Kingdom and the United States of America (UK/US IGA), and Foreign Account Tax Compliance Act (FATCA), Common Reporting Standards (CRS) and the associated provision in Finance Act 2013 and associated regulation]:
3. We will prepare and submit your online registration with the IRS:
 - (a) the registration will be based on the information that you provide to us;
 - (b) we will provide you with a copy of the application for registration for your approval before submitting it electronically to the IRS.
4. We will prepare and submit your online registration with HMRC:

- (a) the registration will be based on the information that you provide to us;
 - (b) we will provide you with a copy of the application for registration for your approval before submitting it electronically to HMRC.
5. We will provide you with the following services (“the services”) in connection with the preparation of your returns as required by the [FATCA, CRS], together with the supporting schedules as appropriate (“the returns”):
- (a) in consultation with you, preparing the returns for the calendar year ended [] onwards from relevant information provided by you or on your behalf;
 - (b) submitting the return figures to you for approval and, where appropriate, your return form for signature by your authorised signatory;
 - (c) at your specific instruction filing the returns with HMRC;
 - (d) at your specific instruction, dealing on your behalf with any enquiry in connection with any return; and
 - (e) [at your specific request, providing you with general [FATCA, CRS] advice in respect of UK obligations under the [FATCA, CRS] [Detail specific area of advice or work that is required].
6. [Ad hoc queries by way of telephone and email enquiries are not routine compliance and may result in additional fees. As indicated below, where appropriate we will aim to discuss and agree additional fees, but it may not always be possible to agree these in advance and we reserve the right to charge you an additional fee for these queries.]

Ad hoc and advisory work

7. Where you have instructed 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 standard terms and conditions of business unless we decide to issue a separate engagement letter. An additional fee may be charged for these services. Examples of such work include:
- dealing with any enquiry opened into your tax return or tax affairs by HMRC;
 - where you notify us that HMRC has issued communications directly to you. As HMRC does not provide agent access to all areas of client affairs, we assume that you will deal with a response in the first instance; and
 - where HMRC service delays result in additional time taken to resolve matters on which we are engaged to assist;

Changes in the law or practice or in public policy

8. 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 practice or in public policy or your circumstances.
9. We will accept no liability for losses arising from changes in the law or practice or in public policy that are first published after the date on which the advice is given.

Your responsibilities

10. You are legally responsible for:

- (a) making correct returns;
- (b) filing any returns by the due date; and
- (c) paying tax on time.

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

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

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

- (a) that all returns or advice given by us are to be made on the basis of full disclosure by you of all relevant information, including of all sources of worldwide income, charges, allowances and capital transactions;
- (b) to provide all information necessary for dealing with your affairs. We will rely on the information and documents being true, correct and complete, and 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;
- (d) to provide us with information in sufficient time for your returns to be completed and submitted by 31 May following the end of the calendar year to which the report relates. For us to do this, we need to receive all relevant information by 31 March following the calendar year to which it relates. If you do not provide us with information within that period, or if you do not respond in a timely manner to our requests for further information, we may not be able to prepare the returns before the relevant filing date or at all. Where information is provided later than the deadline set, we will not be liable for any loss you may incur as a result of late or non-filing. Where you provide information after [31 March] and where feasible, we may agree to complete your return within a shorter period but may charge an additional fee of £[] for so doing;
- (e) to keep us informed of material changes in your circumstances that could affect your reporting position. If you are unsure whether the change is material or not, please let us know so that we

can assess its significance;

- (f) to arrange for valuation services for [FATCA, CRS] related reporting purposes where required. We will not undertake nor be responsible for any valuation provided for [FATCA, CRS] related reporting purposes;
- (g) to inform us of any change to your [FATCA, CRS] status/circumstances or changes to your [US, CRS/other jurisdiction] status/circumstance immediately and in any case within 30 days of the date you become aware of the change.

13. Where you wish us to deal with tax authority communications you will forward to us all communications received, such as HMRC statements of account, copies of notices of assessment, tax codes and letters. These must be provided in time to enable us to deal with them as may be necessary within the statutory time limits. It is essential that you let us have copies of any correspondence as tax authorities may not send these to us directly.

14. **Our services as detailed above are subject to the limitations on our liability set out in the engagement letter and in paragraph 18 of our standard terms and conditions of business. These are important provisions, which you should read and consider carefully.**

[Date:

Name of practice:]

[Note for practitioners: as stated in the guidance, it is recommended that a separate engagement letter is sent to the partnership and each individual partner]

[Name of practice]

SCHEDULE OF SERVICES

This schedule should be read in conjunction with the engagement letter and the standard terms and conditions.

PARTNERSHIPS

Recurring compliance work

1. We will prepare the partnership self-assessment tax returns and the annual partnership statements together with any supplementary pages required from the information and explanations that the partnership provides to us. In particular, we will allocate the split of profits and other gains between the partners on the basis provided to us. After obtaining the approval of the nominated partner we will submit these to HMRC online.
2. We will prepare the partnership business accounts in accordance with **[FRS 102, FRS 105, generally accepted accounting standards as agreed by you]** from the books, accounting records and other information and explanations provided to us by you and/or by others on your behalf.
3. **We will prepare accounts on the default cash basis unless we agree with you that it is appropriate to elect to use the accruals basis and the accounts are to be prepared on that basis. We will then deal with the election on completion of your tax return].**
4. We will complete the writing up of your books and records in so far as they are incomplete when presented to us. These will be from the accounting information and records you supply.
5. *[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 business, nor the items of expenditure and income. 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. Accordingly, we shall not seek any independent evidence to support the entries in the accounting records, or to prove the existence, ownership or*

valuation of assets or completeness of income, liabilities or disclosure in the accounts. Nor shall we assess the reasonableness of any estimates or judgements made in the preparation of the accounts. Consequently, our work will not provide any assurance that the accounting records are free from material misstatement, irregularities or error. 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.]

6. [We have a professional duty to compile accounts that conform with generally accepted accounting principles. Where we identify that the accounts do not conform with generally accepted accounting principles or standards, we will inform you and suggest amendments be put through the accounts before being finalised. We have a professional responsibility not to allow our name to be associated with accounts that may be misleading. In extreme cases, where this matter cannot be resolved, we will withdraw from the engagement and notify you in writing of the reasons.]
7. [Should you instruct us to carry out any alternative report, it will be necessary for us to issue a separate letter of engagement.]
8. [To ensure that anyone reading the accounts is aware that we have not carried out an audit, we will attach to the accounts a report stating this fact.]
9. [A practitioner who is also a member of one of the CCAB bodies may also wish to include the following wording] [We will attach to the accounts a report developed by the Consultative Committee of Accountancy Bodies (CCAB), which explains what work has been done by us, the professional requirements we have to fulfil and the standard to which the work has been carried out. Web links are provided in the report so that you can obtain further information from the [insert name of professional body] about
 - (a) the technical guidance for the work, and
 - (b) the related ethical and other professional requirements.]
10. [The intended users of the report are the partners. The report will be addressed to the partners.]
11. [Once we have issued our report we have no further responsibility in relation to the accounts for that financial year.]
12. [There are no third parties that we have agreed should be entitled to rely on the work done pursuant to this engagement letter.]

Or

We have agreed that the following third parties should be entitled to rely on our work pursuant to this engagement [insert details of third parties].

13. We will prepare the income tax and capital gains tax computations based on the partnership's business accounts for inclusion in the partnership tax return.
14. Where instructed by you, we will advise you as partners as to possible partnership tax return-related

claims and elections arising from information supplied by the partnership in the form and manner required by HMRC.

15. If instructed, we will provide each partner or their agent with details of the partner's allocations from the return to enable partners to fill in their self-assessment tax returns. The split of profits and other gains between the partners will be allocated on the basis provided to us. We will not provide any other information to individual members unless this is authorised and forms part of a separate engagement.
16. If any of the individual partners require personal tax advice or require us to prepare a personal tax return and/or wish us to make possible tax return-related claims, please let us know as this will be the subject of a separate engagement letter.
17. [Ad hoc queries by way of telephone and email enquiries are not routine compliance and may result in additional fees. As indicated below, where appropriate we will aim to discuss and agree additional fees, but it may not always be possible to agree these in advance and we reserve the right to charge you an additional fee for these queries.]

Ad hoc and advisory work

18. Where instructed by the nominated partner, 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 standard terms and conditions of business unless we decide to issue a separate engagement letter. An additional fee may be charged for these services. Examples of such work include:
 - 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 [note this work will always result in additional fees]. 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;
 - advising on ad hoc transactions and queries (including telephone conversations and pre-sale advice on the sale of assets), preparing and submitting information in the relevant format to HMRC and calculating any related tax liabilities;
 - advising on double tax relief if appropriate;
 - advising on profit sharing arrangements;
 - dealing with any enquiry opened into the partnership tax return or tax affairs by HMRC;
 - preparing any amended returns that may be required and corresponding with HMRC as necessary;

- where you notify us that HMRC has issued communications directly to you. As HMRC does not provide agent access to all areas of client affairs we assume that you will deal with a response in the first instance; and
- where HMRC service delays result in additional time taken to resolve matters on which we are engaged to assist.

19. If specialist advice is required we may need to seek this from, or refer you to, appropriate specialists. We will only do this when instructed by the nominated partner.

Changes in the law or public policy and practice

20. 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 public policy and practice or your circumstances.

21. We will accept no liability for losses arising from changes in the law or public policy and practice that are first published after the date on which the advice is given.

Your responsibilities

22. [You are required to prepare accounts (financial statements) for each financial year, which give a true and fair view of the state of affairs of the partnership and of its profit or loss for that period. In preparing those accounts you should:

- (a) select suitable accounting policies and then apply them consistently;
- (b) make judgements and estimates that are reasonable and prudent; and
- (c) prepare the accounts on the going concern basis unless it is inappropriate to presume that the partnership will continue in business.

23. It is your responsibility to keep proper accounting records that disclose with reasonable accuracy at any particular time the financial position of the partnership. It is also your responsibility to safeguard the assets of the partnership and to take reasonable steps for the prevention of and detection of fraud and other irregularities with an appropriate system of internal controls.

24. You are also responsible for making available to us, as and when required, all the partnership's accounting records and all other relevant records and related information, including minutes of

meetings.

25. You will also be responsible for:

- (a) maintaining records of all receipts and payments of cash;
- (b) maintaining records of invoices issued and received;
- (c) reconciling balances [monthly/annually] with the bank statements;
- (d) preparing a record of business mileage for all partners undertaken in the year; where appropriate, a record of total mileage in each vehicle and all expenditure relating to each vehicle used for business in the year;
- (e) preparing a record of hours per month worked at home for all partners if you wish to claim for business use of your home;
- (f) preparing details of any loan interest paid;
- (g) preparing a record of capital introduced by the partners;
- (h) advising us via the nominated partner of any changes to the profit-sharing arrangements of the partnership; and
- (i) preparing details of the following at the year-end: stocks and work in progress, fixed assets, amounts owing to creditors, amounts owing by customers and accruals and prepayments.]

26. The partners are legally responsible for:

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

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

Taxpayers who approve their returns cannot delegate this legal responsibility to others. The nominated partner agrees to check that returns and partnership statements we have prepared for the partnership are correct and complete before approving them.

27. 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 worldwide income, charges, allowances and capital transactions;
 - (b) to provide all information necessary for dealing with the partnership affairs. In particular, you are responsible for advising in writing, via the nominated partner, on the partners' allocation of profits, losses, other income and allowances. We will rely on the information and documents being true, correct and complete, and 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 the partnership affairs;
 - (d) to provide full details of all UK residential property disposals including associated costs/valuations prior to disposal. Where you consider that a partner will be non-UK resident in the tax year of disposal, full details of *all* UK property disposals (residential and non-residential) and disposals of shares in UK property-rich companies or 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 after the completion date.
 - (e) to provide us with information in sufficient time for the partnership tax return to be completed and submitted by [due date/selected date] following the end of the tax year. For us to do this, we need to receive all relevant information by []. [Where feasible, we may agree to complete your return within a shorter period but may charge an additional fee of £[] for so doing.]
28. You will keep us informed of material changes in circumstances that could affect the tax liabilities of the partners including, by way of example, changes in the partners in the partnership. If you are unsure whether the change is material or not, please let us know so that we can assess its significance.
29. Where you wish us to deal with HMRC communications you will forward to us all communications received from HMRC. These must be provided in time to enable us to deal with them as may be necessary within the statutory time limits. It is essential that you let us have copies of any correspondence received because HMRC is not obliged to send us copies of all communications issued to you.
30. (a) If you provide services, or you make distance sales of goods, to private consumers in the European Union you are responsible for either registering for VAT in that member state or registering for VAT One Stop Shop (OSS).

[You are responsible for monitoring the partnership's monthly turnover to establish whether it is liable to register for VAT if it is not already registered. If you do not understand what you need to do, please ask us. If turnover exceeds the VAT registration threshold, and you wish us to assist in notifying HMRC of the partnership's obligation to be VAT registered, we will be pleased to assist in the VAT registration process. You should notify us of your instructions to assist in the VAT registration in good time to enable a VAT registration form to be submitted within the statutory time limit;

- If you exceed the threshold in the last 12 months; one month following the month in which the VAT registration threshold in force at that time was exceeded.
- If you are going to exceed the threshold in the next 30 days alone; by the end of that 30-day period.

We will not be responsible if you fail to notify us in time and incur a late-registration penalty as a result.

- (b) You are responsible for employment taxes, pensions (including auto-enrolment) and the assessment of the tax status of your workers. If you do not understand what you need to consider or 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. We are not responsible for any penalty that is incurred.]

31. Our services as detailed above are subject to the limitations on our liability set out in the engagement letter and in paragraph 18 of our standard terms and conditions of business. These are important provisions, which you should read and consider carefully.

[Date:

Name of practice:]

[As stated in the guidance it is recommended that a separate engagement letter is sent to the limited liability partnership and each individual member]

[Name of practice]

SCHEDULE OF SERVICES

This schedule should be read in conjunction with the engagement letter and the standard terms and conditions.

LIMITED LIABILITY PARTNERSHIPS (LLPS)

Recurring compliance work

1. We will prepare the LLP self-assessment tax returns, and the annual partnership statements, together with any supplementary pages required from the information and explanations that the LLP provides to us. In particular, we will allocate the split of profits and other gains between the members on the basis provided to us. After obtaining the written evidence of the approval of the nominated member, we will submit these to HMRC.
2. We will prepare the LLP business accounts in accordance with **[FRS 102, FRS 105, LLP SORP, generally accepted accounting standards as determined and agreed with you]** from the books, accounting records and other information and explanations provided to us by you and/or by others on your behalf.
3. We will complete the writing up of your books and records in so far as they are incomplete when presented to us. These will be from the accounting information and records you supply.
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 LLP, nor the items of expenditure and income. 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. Accordingly, we shall not seek any independent evidence to support the entries in the accounting records, or to prove the existence, ownership or valuation of assets or completeness of income, liabilities or disclosure in the accounts. Nor shall we*

assess the reasonableness of any estimates or judgements made in the preparation of the accounts. Consequently, our work will not provide any assurance that the accounting records are free from material misstatement, irregularities or error. 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.]

5. [We have a professional duty to compile accounts that conform with generally accepted accounting principles. The accounts of an LLP are required to comply with the disclosure requirements of the Limited Liability Partnership Act 2000, Limited Liability Partnership Regulations 2008, Financial Reporting Standards and Companies Act 2006. Where we identify that the accounts do not conform to accepted accounting principles or standards we will inform you and suggest amendments be put through the accounts before being published. We have a professional responsibility not to allow our name to be associated with accounts that may be misleading. In extreme cases, where this matter cannot be resolved, we will withdraw from the engagement and notify you in writing of the reasons.]
6. [Should you instruct us to carry out any alternative report it will be necessary for us to issue a separate letter of engagement.]
7. [To ensure that anyone reading the accounts is aware that we have not carried out an audit, we will attach to the accounts a report stating this fact.]
8. [A practitioner who is also a member of one of the CCAB bodies may also wish to include the following wording] [We will attach to the accounts a report developed by the Consultative Committee of Accountancy Bodies (CCAB), which explains what work has been done by us, the professional requirements we have to fulfil and the standard to which the work has been carried out. Web links are provided in the report so that you can obtain further information from [insert name of professional body] about
 - (a) the technical guidance for the work, and
 - (b) the related ethical and other professional requirements.]
9. [The intended users of the report are the members. The report will be addressed to the members.]
10. [Once we have issued our report we have no further responsibility in relation to the accounts for that financial year. However, we expect that you will inform us of any material event occurring between the date of our report and that of the annual general meeting that may affect the accounts.]
11. [We will support the firm with meeting its LLP obligations regarding salaried members.]
12. [There are no third parties that we have agreed should be entitled to rely on the work done pursuant to this engagement letter.]

Or

We have agreed that the following third parties should be entitled to rely on our work pursuant to this engagement [insert details of third parties].

13. We will prepare the income tax and capital gains tax computations based on the LLP's business accounts for inclusion in the partnership tax return.
14. Where instructed by you, we will advise you as members of the LLP as to possible tax return-related claims and elections arising from information supplied by the LLP in the form and manner required by HMRC.
15. If instructed, we will provide each member or their agent with details of the member's allocations from the LLP return based on the partnership statement, to enable members to fill in their self-assessment tax returns. The split of profits and gains between the members will be allocated on the basis provided to us. We will not provide any other information to individual members unless this is authorised and forms part of a separate engagement.
16. If any of the individual members require personal tax advice or require us to prepare a personal tax return and/or wish us to make possible tax return-related claims, please let us know as this will be the subject of a separate engagement letter.
17. [Ad hoc queries by way of telephone and email enquiries are not routine compliance and may result in additional fees. As indicated below, where appropriate we will aim to discuss and agree additional fees, but it may not always be possible to agree these in advance and we reserve the right to charge you an additional fee for these queries.]

Ad hoc and advisory work

18. Where instructed by the nominated member 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 standard terms and conditions of business unless we decide to issue a separate engagement letter. An additional fee may be charged for these services. Examples of such work include:
 - 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 [note this work will always result in additional fees]. 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;
 - advising on ad hoc transactions and queries (including telephone conversations), preparing and submitting information in the relevant format to HMRC and calculating any related tax liabilities;
 - advising on double tax relief if appropriate;
 - advising on profit-sharing arrangements;

- dealing with any enquiry opened into the partnership tax return or tax affairs by HMRC;
- preparing any amended returns that may be required and corresponding with HMRC as necessary;
- where you notify us that HMRC has issued communications directly to you. As HMRC does not provide agent access to all areas of client affairs we assume that you will deal with a response in the first instance; and
- where HMRC service delays result in additional time taken to resolve matters on which we are engaged to assist.

19. If specialist advice in certain areas is required, we may need to seek this from, or refer you to, appropriate specialists. We will only do this when instructed by the nominated member.

Changes in the law or public policy and practice

20. 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 public policy and practice or your circumstances.

21. We will accept no liability for losses arising from changes in the law or public policy and practice that are first published after the date on which the advice is given.

Your responsibilities

22. [You are required by statute to prepare accounts (financial statements) for each financial year, which give a true and fair view of the state of affairs of the LLP and of its profit or loss for that period. In preparing those accounts you must:

(a) select suitable accounting policies and then apply them consistently;

(b) make judgements and estimates that are reasonable and prudent; and

(c) prepare the accounts on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.]

23. [It is your responsibility to keep proper accounting records that disclose with reasonable accuracy at any particular time the financial position of the LLP. It is also your responsibility to safeguard the assets of the LLP and to take reasonable steps for the prevention of and detection of fraud and other irregularities with an appropriate system of internal controls.]

24. [You are responsible for determining whether, in respect of the year concerned, the LLP meets the conditions for exemption from an audit set out in the Limited Liability Partnership (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2016.]

25. [You are also responsible for making available to us, as and when required, all the LLP's accounting records and all other relevant records and related information, including minutes of members' meetings.]

26. [You will also be responsible for:

- (a) maintaining records of all receipts and payments of cash;
- (b) maintaining records of invoices issued and received;
- (c) reconciling balances [monthly/annually] with the bank statements;
- (d) preparing a record of business mileage for all members undertaken in the year; where appropriate, a record of total mileage in each vehicle and all expenditure relating to each vehicle used for business in the year;
- (e) preparing a record of hours per month worked at home for all members if you wish to claim for business use of your home;
- (f) preparing details of any loan interest paid;
- (g) preparing a record of capital introduced by the members;
- (h) advising us via the nominated member of any changes to the profit-sharing arrangements of the LLP; and
- (i) preparing details of the following at the year-end: stocks and work in progress, fixed assets, amounts owing to creditors, amounts owing by customers and accruals and prepayments.]

27. The members are legally responsible for:

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

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

28. Taxpayers who approve their returns cannot delegate this legal responsibility to others. The nominated member of the LLP agrees to check that returns and partnership statements we have prepared for the LLP are correct and complete before approving them.

29. 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 worldwide income, charges, allowances and capital transactions;
- (b) to provide all information necessary for dealing with the LLP's affairs. In particular, you are responsible for advising in writing, via the nominated member, on the members' allocation of profits, losses, other income and allowances; we will rely on the information and documents being true, correct and complete, and 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 the LLP's affairs; and
- (d) to provide full details of all UK residential property disposals including associated costs/valuations prior to disposal. Where you consider that an LLP member will be non-UK resident in the tax year of disposal, full details of *all* UK property disposals (residential and non-residential) and disposals of shares in UK property-rich companies or 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 after the completion date.
- (e) to provide us with information in sufficient time for the LLP tax return to be completed and submitted by the [due date/selected date] following the end of the tax year. For us to do this we need to receive all relevant information by []. Where feasible, we may agree to complete your return within a shorter period but may charge an additional fee of £[] for so doing.

30. You will keep us informed of material changes in circumstances that could affect the partnership tax returns or the partnership statements including, by way of example, changes in the members in the LLP. If you are unsure whether the change is material or not, please let us know so that we can assess its significance.

31. Where you wish us to deal with HMRC communications, you will forward to us all communications received from HMRC. These must be provided in sufficient time to enable us to deal with them as may be necessary within the statutory time limits. It is essential that you let us have copies of any correspondence received because HMRC is not obliged to send us copies of all communications issued to you.

32. (a) If you provide services, or you make distance sales of goods, to private consumers in the European Union you are responsible for either registering for VAT in that member state or registering for VAT One Stop Shop (OSS).

[You are responsible for monitoring the LLP's monthly turnover to establish whether it is liable to register for VAT if it is not already registered. If you do not understand what you need to do,

please ask us. If it exceeds the VAT registration threshold, and you wish us to assist in notifying HMRC of its liability to be VAT registered, we will be pleased to assist in the VAT registration process. You should notify us of your instructions to assist in the VAT registration in good time to enable a VAT registration form to be submitted within the statutory time limit;

- If you exceed the threshold in the last 12 months; one month following the month in which you exceeded the VAT registration threshold in force at that time.
- If you are going to exceed the threshold in the next 30 days alone; by the end of that 30-day period.

We will not be responsible if you fail to notify us in time and incur a late-registration penalty as a result.

- (b) You are responsible for employment taxes, pensions (including auto-enrolment) and the assessment of the tax status of your workers. If you do not understand what you need to consider or 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. We are not responsible for any penalty that is incurred.]

33. Our services as detailed above are subject to the limitations on our liability set out in the engagement letter and in paragraph 18 of our standard terms and conditions of business. These are important provisions, which you should read and consider carefully.

[Date:

Name of practice:]

[Name of practice]

SCHEDULE OF SERVICES

This schedule should be read in conjunction with the engagement letter and the standard terms and conditions.

COMPANIES

[Suitable for adaption for use for other entities liable to corporation tax – tagging services provided for clients]

Recurring compliance work

1. For the purpose of the delivery of the company's tax return, we will use commercial software to apply XBRL tags to items in the accounts as we consider appropriate for the purposes of submission, for tax purposes, of the accounts in iXBRL via the relevant official gateway.
2. We will, to the extent we consider necessary, manually amend or apply tags where the software has not applied automatic tagging or where we consider any automatic tagging to have been inappropriate.
3. We will provide you with copies of the iXBRL information, which will show the tagging applied, for your approval.
4. We will prepare the company's corporation tax self-assessment (CTSA) return. After obtaining written evidence of the approval of the nominated director, we will submit it to HMRC.
5. We will prepare the corporation tax computation and supporting schedules required for preparation of the company tax return from accounts, information and explanations provided to us on your behalf.
6. We will tell you how much tax the company should pay and when. Where instructed by you, we will advise on the interest and penalty implications if corporation tax is paid late. Where taxable losses are involved, we will advise you of the options available and, where appropriate, we will initiate repayment claims.

7. [We will inform you if instalment payments of corporation tax are due for an accounting period and the dates they are payable. We will calculate the quarterly instalments that should be made on the basis of information supplied by you by the date agreed.]
8. 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.
9. [Ad hoc queries by way of telephone and email enquiries are not routine compliance and may result in additional fees. As indicated below, where appropriate we will aim to discuss and agree additional fees, but it may not always be possible to agree these in advance and we reserve the right to charge you an additional fee for these queries.]

Ad hoc and advisory work

10. Where the nominated director has instructed 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 standard terms and conditions of business unless we decide to issue a separate engagement letter. An additional fee may be charged for these services. Examples of such work include:
 - advising on ad hoc transactions and queries (including telephone conversations), preparing and submitting information in the relevant format to HMRC and calculating any related tax liabilities;
 - advising on double tax relief if appropriate;
 - advising you when corporation tax is due on loans by the company to directors or shareholders or their associates, and calculating the payments due or the amount repayable when the loans are repaid;
 - advising you on and preparing enhanced expenditure claims and reliefs, including those relating to research and development;
 - advising you on and preparing detailed capital allowance claims relating to buildings and renovation, including the analysis of expenditure;
 - dealing with any enquiry opened into the company's tax return or tax affairs by HMRC;
 - preparing any amended returns that may be required and corresponding with HMRC as necessary;

- submissions of returns such as CT61s;
- where you notify us that HMRC has issued communications directly to you. As HMRC does not provide agent access to all areas of client affairs, we assume that you will deal with a response in the first instance; and
- where HMRC service delays result in additional time taken to resolve matters on which we are engaged to assist;

[For personal service companies, or where you are working with a personal service company

- helping you determine deemed employment status under IR35 rules for work undertaken for clients by the company;
 - adjusting the corporation tax computation to eliminate the deemed payments;
1. where deemed employment status under the IR35 rules applies to work undertaken for clients by the company, calculating the deemed employment payment where deemed employment status under the IR35 rules applies to work undertaken for clients by the company and accounting through payroll to HMRC for the tax and NIC etc;
- where the off-payroll working rules apply and your company pays deemed employees' personal service companies, accounting via payroll for tax and NIC etc on the payments;
 - where you have contractors working for you via their own personal service companies, helping you to determine whether you are "small" under the off-payroll working rules and, if you are large or medium sized, helping you to determine the deemed employment status of those contractors and assist you in preparing employment status determination statements to give to labour supply agencies and those contractors.]

11. Where specialist advice is required on occasion, we may need to seek this from or refer you to appropriate specialists. We will only do this when instructed by the nominated director.

Changes in the law or public policy and practice

12. 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 public policy and practice or your circumstances.

13. We will accept no liability for losses arising from changes in the law or public policy and practice that are first published after the date on which the advice is given.

Your responsibilities

14. You are legally responsible for:

- (a) ensuring that the CTSA return (including XBRL tags and iXBRL file) is correct and complete;
- (b) filing any returns by the due date; and
- (c) paying tax on time.

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

15. Legal responsibility for approval of the return cannot be delegated to others. The nominated director agrees to check that the forms that we have prepared for you are correct and complete before they approve them.

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

- (a) to provide us with approved accounts for the company. It is the responsibility of the directors collectively to produce accounts which give a true and fair view, and we can only provide tagging services where the accounts have been prepared on this basis

Where the accounts are not supplied in a format that is compatible with our iXBRL software, we will convert the figures, which may be subject to an additional fee. This will be discussed and agreed with you in advance

- (b) that all returns are to be made on the basis of full disclosure of all sources of worldwide income, charges, allowances and capital transactions
- (c) to provide full information necessary for dealing with the company's affairs; we will rely on the information and documents being true, correct and complete, and will not audit the information or those documents
- (d) to authorise us to approach such third parties as may be appropriate for information that we consider necessary to deal with the company's affairs
- (e) to provide us with information in sufficient time for the company's CTSA return to be completed and submitted by the [due date/selected date] following the end of the tax year. For us to do this, we need to receive all relevant information by []. Where feasible, we may agree to complete your return within a shorter period but may charge an additional fee of £[] for so doing
- (f) to provide information on matters affecting the company's tax liability for the accounting period in respect of which instalments are due at least four weeks before the due date of each instalment. This information should include details of trading profits and other taxable activities

up to the date the information is provided, together with estimates to the end of the accounting period

(g) to provide us with information on advances or loans made to directors, shareholders or their associates during an accounting period, and any repayments made or write-offs authorised at the latest within three months of the end of the relevant accounting period.

17. You will keep us informed of material changes in circumstances that could affect the tax liabilities of the company. If the directors are unsure whether the change is material or not, please let us know so that we can assess its significance.

18. Where you wish us to deal with HMRC communications you will forward to us all communications received from HMRC such as HMRC statements of account, copies of notices of assessment and letters. These must be provided in time to enable us to deal with them as may be necessary within the statutory time limits. It is essential that you let us have copies of any correspondence received because HMRC is not obliged to send us copies of all communications issued to you.

19. The work carried out within this engagement will be in respect of the company's tax affairs. Any work to be carried out for the directors on a personal basis will be set out in a separate letter of engagement.

20. (a) If you provide services, or you make distance sales of goods, to private consumers in the European Union, you are responsible for either registering for VAT in that member state or registering for VAT One Stop Shop (OSS).

[You are responsible for monitoring the monthly turnover to establish whether the company is liable to register for VAT, if it is not already registered. If you do not understand what you need to do, please ask us. If the company turnover exceeds the VAT registration threshold, and you wish us to assist in notifying HMRC of the company's obligation to be VAT registered, we will be pleased to assist in the VAT registration process. You should notify us of your instructions to act in relation to the company's VAT registration in good time to enable a VAT registration form to be submitted within the statutory time limit:

- If you exceed the threshold in the last 12 months; one month following the month in which the current VAT registration turnover threshold was exceeded.
- If you are going to exceed the threshold in the next 30 days alone; by the end of that 30-day period.

We will not be responsible if we are not notified in time and a late registration penalty is incurred.

(b) You are responsible for employment taxes, pensions (including auto-enrolment) and the assessment of the tax status of your workers. If you do not understand what you need to consider or 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. We are not responsible for any penalty that is incurred.]

21. **Our services as detailed above are subject to the limitations on our liability set out in the engagement letter and in paragraph 18 of our standard terms and conditions of business. These are important provisions, which you should read and consider carefully.**

[Where the client is a group of companies, you may wish to incorporate the following section within this schedule and to adapt the paragraphs above to refer to each company listed in the covering letter or attached schedule. Tailor as appropriate.]

[Groups and consortia

22. The following terms are relevant for a group and its subsidiaries when we have been instructed to act in all respects by the parent company's directors.
23. If a parent company is required to prepare both individual and group accounts and it is required to file both of these as part of its online company tax return, you accept full responsibility for the existence, accuracy, consistency and completeness of XBRL tagging within the accounts and to file the individual accounts as an iXBRL document with the relevant XBRL tags embedded.
24. In relation to groups [and consortia] of which your company is a member, and in respect of which you have instructed us to act, we will provide the following additional services.
25. If instructed, we will advise on the tax treatment of intra-group payments of dividends, interest and royalties and similar liabilities.
2. If instructed, in respect of dividends, interest and royalties received, we will advise on the applicability of the relevant double-tax treaty to the withholding tax rate, and assist with obtaining a UK certificate of tax residence. For dividends, if relevant, we will make any necessary election to tax the dividends in the UK in order to obtain treaty relief.
26. We will deal with all communications relating to intragroup payments addressed to us by HMRC.
27. If instructed, in respect of claims for group and consortium relief:
- (a) we will advise as required on claims for group and consortium relief and the interaction with other reliefs;
 - (b) we will prepare and submit to HMRC appropriate claims;
 - (c) we will adjust corporation tax computations and returns to reflect the surrender and receipt of group and consortium reliefs;
 - (d) we will prepare and submit to HMRC necessary documentation regarding the allocation of losses via group relief and the annual loss allowance;

3. we will advise on arrangements for the payment of tax and the surrender and set-off of tax refunds within the group; and
 - (e) we will advise on claiming eligible unrelieved foreign tax (EUFT) or the surrender of any amount of EUFT.
28. If instructed, in respect of intragroup payments of interest:
- (a) we will advise on withholding tax obligations;
 - (b) for crossborder payments we will prepare and submit to HMRC applications to account for no or a reduced amount of withholding tax under the EU Interest and Royalty directive and double-tax treaties, as applicable;
 - (c) where withholding tax is due, we will complete form CT61 and advise on payment; and
 - (d) we will adjust corporation tax computations and returns to reflect interest payments and associated withholding tax, if any.
29. If instructed, in respect of intragroup payments of royalties and similar liabilities:
- (a) we will advise on withholding tax obligations;
 - (b) where withholding tax is due, we will complete form CT61 and advise on payment;
 - (c) we will adjust corporation tax computations and returns to reflect royalty and similar payments and associated withholding tax, if any, and make such additional disclosures in form CT600-H as are appropriate.

Your responsibilities

30. Where applicable, we will need to be authorised to contact other group member accountants to ensure that all necessary information and explanations are available. It is the responsibility of the parent company directors to ensure that such information and explanations are correct and complete.]

[Date:

Name of practice:]

[Note: the wording below assumes that the payroll agent will submit real-time information (RTI) data to HMRC]

[Deemed employments:

Where a contractor providing services via their personal service company is a deemed employee of their client under the IR35 rules, then the contractor's personal service company has to calculate a deemed employment payment and account to HMRC for income tax and employee and employer NIC via payroll. From 6 April 2017, under the off-payroll working rules, if a client is in the public sector, or, from 6 April 2021, if a client that is a private sector business is not "small" based on the Companies Act definition, and the contractor providing services via their personal service company is a deemed employee of the client, PAYE income tax and employee and employer NIC, and, if applicable, apprenticeship levy, need to be accounted for to HMRC on deemed employment income of the contractor via payroll by the fee payer that pays the personal service company.]

[Name of practice]

SCHEDULE OF SERVICES

This schedule should be read in conjunction with the engagement letter and the standard terms and conditions.

PAYROLL SERVICES

Recurring compliance work

1. *[Use when running payrolls paying actual as opposed to deemed employees]* We will prepare your UK payroll for each payroll period to meet UK employment tax requirements, where paying actual as opposed to deemed employees, specifically:
 - (a) calculating the pay as you earn (PAYE) deductions, including at the Scottish and Welsh rates of income tax, if applicable;
 - (b) calculating the employees' national insurance contributions (NIC) deductions;

- (c) calculating the employer's NIC liabilities, including any applicable levy;
- (d) calculating statutory payments – for example, statutory sick pay ;
- (e) calculating reclaims of statutory payments – for example, maternity payments;
- (f) calculating employee and employer pension contributions for employees and workers who are members of workplace pension schemes (including those who are auto-enrolled) on the basis of the information you provide;
- (g) claiming employment allowance; subject to you confirming that there are no connected entities already doing so;
- (h) calculating, if appropriate, apprenticeship levy;
- (i) calculating other statutory and non-statutory deductions – for example, student loan deductions; and
- (j) submitting information online to HMRC under real-time information (RTI) for PAYE.

1.1.1. *[Use where client is a personal service company (PSC) and a deemed payment calculation is needed owing to a director/employee being a deemed employee of the PSC's client under IR35 rules]* *[Where a director/employee of your company is a deemed employee of a client under the IR35 rules, we shall calculate the deemed employment payment(s) and account via payroll to HMRC for associated PAYE tax, including at the Scottish and Welsh rates of income tax if applicable, and employee and employer NIC.*

1.1.2 *[Use where running payroll for a client which is paying as engager or fee payer under the off-payroll working rules a PSC of a deemed employee].* *[Where the off-payroll working rules apply to work carried out by your company for your clients and your company pays the personal service companies of deemed employees, we will prepare your UK payroll for each payroll period to meet UK employment tax and off-payroll working requirements, specifically:*

- (a) calculating the pay as you earn (PAYE) income tax deductions, including at the Scottish and Welsh rates of income tax, if applicable;
- (b) calculating the employees' NIC deductions;
- (c) calculating the employer's NIC liabilities;
- (d) calculating other statutory and non-statutory deductions [including apprenticeship levy];
- (e) indicating that the individual is a deemed employee using the off-payroll worker marker (OPW); and

(f) submitting information online to HMRC under Real Time Information (RTI) for PAYE.]

1.1.3 *[Use when running payroll for a client which is a personal service company (PSC) which is onward paying a director or employee sums by way of salary of up to the amount of net fees received by the PSC for client work carried out by that individual where they have been treated as a deemed employee in a third-party payroll under the off-payroll working rules]* [Where you are onward paying to an employee/director of the company fees received by the company where the employee/director has been treated as a deemed employee in the payroll of a third party under the off-payroll working rules, we will prepare your UK payroll for each payroll period to meet UK employment tax and IR35 and off-payroll working requirements, specifically:

(a) treating the employees' pay up to the amount of net fees received under the off-payroll working rules as not subject to pay as you earn (PAYE) income tax deductions nor employee or employer national insurance contributions, and

(b) submitting information online to HMRC under Real Time Information (RTI) for PAYE.]

1.1.4 *[Use where client has contractors working for it via their own PSCs]*

1.1.5 Where you have contractors working for your company through their own personal service companies, we shall help you to determine whether or not your company is "small" under the off-payroll working rules.

1.1.6 Where you have contractors working for your company through their own personal service companies and your company is not "small" under the off-payroll working rules, we will help you to determine the deemed employment status of those contractors.

1.1.7 Where you have contractors working for your company through their own personal service companies and your company is not "small" under the off-payroll working rules, we will help you prepare employment status determination statements to give to those contractors and labour supply agencies that you have contracted with.

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

2. We will prepare and send to you the following documents before the time of payment through the payroll or due date for delivering information to HMRC:

(a) payroll summary report showing the reconciliation from gross to net for each employee [and deemed employee] and all relevant payroll totals;

(b) [the data included within each] full payment submission (FPS) for taxable pay and payrolled benefits for each employee [and deemed employee];

(c) a payslip for each employee [and deemed employee] unless not required;

- (d) a P45 for each leaver [both actual and deemed employees];
 - (e) a report showing your PAYE and NIC liability, student loan repayments [of actual employees but not deemed employees] and apprenticeship levy and due date for payment; and
 - (f) a report showing pension contributions payable in respect of each employee [but not deemed employee] to the respective workplace pension scheme(s) of which they are members and the due date(s) for payment.
3. We will submit FPSs online to HMRC [after the data to be included therein has been approved/on the basis of the data provided] [delete as appropriate] by you. FPSs must reach HMRC normally on or before the payday. You must ensure that the data provided to us is complete and accurate, and your attention is drawn to your legal responsibilities as set out at paragraphs 14 and 15 below.
 4. For each tax month we will prepare, where appropriate, an employer payment summary (EPS) from the information and explanations that you provide to us. (Examples of EPS data include statutory payments, employment allowance, Construction Industry Scheme deductions, apprenticeship levy allowance allocated to the PAYE scheme, apprenticeship allowance payable to date and confirmation that no payments were made to employees.)
 5. We will submit EPSs to HMRC [after the data to be included therein has been approved/on the basis of the data provided] [delete as appropriate] by you. (EPSs must reach HMRC by the 19th of the month following the tax month to which they relate). You must ensure that the data provided to us is complete and accurate, and your attention is drawn to your legal responsibilities as set out at paragraphs 14 and 15 below.
 6. At the end of the payroll year we will:
 - (a) prepare the final FPS (or EPS) and submit this to HMRC [after the data to be included therein has been approved/on the basis of the data provided] [delete as appropriate] by you. (The final FPS (or EPS) for the year must reach HMRC by 19 April following the end of the tax year.) You must ensure that the data provided to us is complete and accurate, and your attention is drawn to your legal responsibilities as set out at paragraphs 16 and 17 below
 - (b) prepare and send to you form P60 for each employee on the payroll at the year-end so that you can give them to employees by the statutory due date of 31 May following the end of the tax year
 - (c) [prepare and send to you a statement for every employee for whom benefits-in-kind (BiK) and taxable expenses have been payrolled, identifying every benefit and expense provided to each employee during the tax year and the cash equivalent of each treated as PAYE income so you can give them to employees by the statutory due date (Include if payrolling BiK and your payroll software will not show this information on final payslips for the tax year.)]

- (d) [give you details of the class 1A NIC on payrolled BiK, which will need to be accounted for on form P11D(b) and the due date for payment (*Include if BiK are payrolled and amend if client wants the class 1A figures every month. Modify if practitioner will complete and submit P11D(b)*)]
 - (e) [give you details of the class 1A NIC on expenses accounted for in the payroll, which will need to be accounted for on form P11D(b) and the due date for payment (*Include to pick up expenses accounted for in the payroll for tax but subject to class 1A NIC and amend if client wants the class 1A figures every month. Modify if practitioner will complete and submit P11D(b)*)]
 - (f) [give you the figures that need to be included on forms P11D to account for income tax in respect of expenses for which class 1 NIC has been accounted for in the payroll (*Include to pick up expenses accounted for in the payroll for class 1 NIC but included on P11D for tax – for example, non-business element of home telephone bills in the name of employee. Modify if practitioner will complete and submit P11D(b)*)]
7. Note that we will only deal with the nominated person within the organisation. Any enquiries from individual employees concerning their wages or other payroll details will be referred back to that responsible person.
8. [Ad hoc queries by way of telephone and email enquiries are not routine compliance and may result in additional fees. As indicated below, where appropriate we will aim to discuss and agree additional fees, but it may not always be possible to agree these in advance and we reserve the right to charge you an additional fee for these queries.]

Ad hoc and advisory work

9. Where you have instructed 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 standard terms and conditions of business unless we decide to issue a separate engagement letter. An additional fee may be charged for these services. Examples of such work include:
- advising on ad hoc transactions (for example, termination payments to employees) and queries (including telephone conversations), preparing and submitting information in the relevant format to HMRC and calculating any related tax and NIC liabilities;
 - dealing with any compliance check or enquiry by HMRC into the payroll returns;
 - preparing and submitting any amended returns or data for previous tax years and corresponding with HMRC as necessary;

- where you notify us that HMRC has issued communications directly to you. As HMRC does not provide agent access to all areas of client affairs, we assume that you will deal with a response in the first instance;
- where HMRC service delays result in additional time taken to resolve matters on which we are engaged to assist;
- where your company is a personal service company, helping you to determine deemed employment status under the IR35 rules for work undertaken for clients by the company;
- where your company is a personal service company and deemed employment status under the IR35 rules applies to work undertaken for clients by the company, calculating deemed employment payments and accounting through payroll to HMRC for tax and NIC etc;
- where the off-payroll working rules apply and your company pays deemed employees' personal service companies, accounting via payroll for tax and NIC etc on the payments;
- where you have contractors working for your company through their own personal service companies, helping you to determine whether or not your company is "small" under the off-payroll working rules;
- where you have contractors working for your company via their own personal service companies and your company is not "small" under the off-payroll working rules, helping you to determine the deemed employment status of those contractors and prepare employment status determination statements to give to those contractors and labour supply agencies that you have contracted with;
- helping with setting up and administering workplace pension schemes, including referring you to appropriate specialists where necessary;
- [agreeing with you which employer-provided BiK will be processed through the payroll and for which employees, registering the PAYE scheme to payroll BiK, processing through the payroll cash equivalent notional amounts, notifying HMRC of in-year changes, advising you on the payment of associated class 1A NIC, preparing and submitting return P11D(b), and notifications to employees;]
- preparing and submitting returns P11D and P11D(b) for employee BiK and expenses, and advising on the payment of associated class 1A NIC (such work if undertaken is covered in a separate schedule of services);
- assisting you in the operation of the Construction Industry Scheme (CIS) for subcontractors;
- conducting PAYE, and benefits and expenses health checks; and
- helping you to allocate apprenticeship levy allowance across your different PAYE schemes/group companies/connected charities.

10. Where specialist advice is required on occasion, we may need to seek this from or refer you to appropriate specialists. We will only do this when instructed by the nominated person.

Changes in the law or public policy and practice

11. 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 public policy and practice or your circumstances.

12. We will accept no liability for losses arising from changes in the law or public policy and practice that are first published after the date on which the advice is given.

Your responsibilities

13. You are legally responsible for:

(a) ensuring that the data in your payroll submissions is correct and complete;

(b) making any submissions by the due date;

(c) paying tax and NIC on time.

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

14. Employers cannot delegate this legal responsibility to others. *[You agree to check that submissions that we have prepared for you are correct and complete before you approve them.] [Delete if inappropriate]*

15. You are responsible for maintaining your employees' information, including any changes to the employees' bank account details and student loan deductions, where applicable.

16. You are responsible for complying with the requirements of national minimum wage legislation. Determining whether an employee has been paid the appropriate minimum wage is outside the scope of our work for providing payroll services.

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

(a) that all information required to be delivered online is submitted on the basis of full disclosure;

(b) to provide full information necessary for dealing with your payroll affairs and workplace pension scheme contributions; we will rely on the information and documents being true, correct and complete, and will not audit the information or those documents;

- (c) to agree with us the name[s] of the person[s] authorised by you to notify us of changes in employees and in rates of pay. We will process the changes only if notified by that/those individual[s];
- (d) to advise us in writing of changes of payroll pay dates and workplace pension scheme contribution dates;
- (e) to notify us at least [] working days [or such other period as agreed with us] prior to the payroll pay date of all transactions or events that may need to be reflected in the payroll for the period, including details of:
- all new employees (including full name, address, date of birth, gender, national insurance number) and details of their remuneration packages
 - all leavers and any termination payments
 - all changes to remuneration packages
 - all pension scheme changes
 - all changes to benefits and expenses reportable under an existing payrolling benefits and expense online service registration
 - irregular and/or ad hoc payments and the dates to be paid;
- (f) to [approve/provide the data required to complete] [delete as appropriate]:
- in-year FPS by at least [] working days prior to payroll pay dates so that they can be submitted on or before payday, or as agreed with us
 - in-year EPS by at least [] days prior to 19th of the month following the tax month
 - final FPS (or EPS when applicable) for the year at least [] days prior to 19 April following the end of the tax year
 - end of year adjustment within [] days;
- (g) to authorise us to approach such third parties as may be appropriate for information that we consider necessary to deal with your affairs.

1.1.9 [Use where client is a PSC and a deemed payment calculation is needed owing to a director/employee being a deemed employee under IR35 rules] [To enable us to calculate the deemed employment payment(s), you agree to provide us with the following information by [insert date] for each assignment for which a director/employee was a deemed employee of the client:

- fees for off-payroll work paid by the client to the company;
- payments that would have been employment income made by the client directly to the director/employee;

- expenses paid by the company to the director/employee that would have been deductible for tax against employment income had the director/employee been directly employed by the client;
- capital allowances on equipment bought by the company for the deemed employment;
- pension contributions paid by the company for the director/employee; and
- salary and benefits paid by the company to the director/employee and PAYE tax and employee NIC, and as a separate figure employer NIC, accounted for to HMRC.]

18. You will keep us informed of material changes in circumstances that could affect the payroll. If you are unsure whether the change is material or not, please let us know so that we can assess its significance.
19. Where you wish us to deal with HMRC communications you will forward to us all communications received from HMRC. These must be provided in time to enable us to deal with them as may be necessary within the statutory time limits. It is essential that you let us have copies of any correspondence received because HMRC is not obliged to send us copies of all communications issued to you.
20. If the information required to complete the payroll services set out above is received later than the dates specified above or agreed with us, we will still endeavour to process the payroll and returns to meet the agreed payroll date and filing deadlines but we will not be liable for any costs or other losses arising if the payroll is late or the returns are filed late in these circumstances. We may charge an additional fee of £[] for work carried out in a shorter time period.
21. **Our services as detailed above are subject to the limitations on our liability set out in the engagement letter and in paragraph 18 of our standard terms and conditions of business. These are important provisions, which you should read and consider carefully.**
22. **You must also refer to the attached schedule confirming data processing details.**

[Date:

Name of practice:]

Schedule to Appendix B8a

[Where the firm is undertaking payroll work, the firm is likely to be acting as a data processor (with the firm's client being the data controller).

Article 28(3) of the GDPR stipulates certain matters that must be included in contracts between data controllers and data processors. The sample text below is intended to assist practitioners in drawing up appropriate contracts, but it is important that practitioners familiarise themselves with the GDPR itself. Further guidance is available from the ICO at Contracts and liabilities between controllers and processors. As well as ensuring that an appropriate contract is in place, practitioners will need to consider how all of the requirements placed upon them as a data processor will be met in practice. The ICO guidance referred to includes a checklist on the final page relating to a processor's direct responsibilities.]

Schedule confirming data-processing details that must be added to the agreement

1. Subject matter of processing

[Insert]

2. Duration of the processing

[Insert]

3. Nature and purpose of the processing

[Insert]

4. Types(s) of personal data to be processed

[Insert]

5. Categories of data subjects

[Insert]

6. Our obligations (as data processor) to you (as data controller)

- a. We will process personal data only on documented instructions from you, including with regard to transfers of personal data to a third country or an international organisation, unless required to do so by EU law or the law of a Member State; in such a case, we shall inform you of that legal requirement before processing, unless the law in question prohibits such information on important grounds of public interest.
- b. We will obtain a commitment of confidentiality from anyone we authorise to process the personal data, unless they are already under a statutory obligation of confidentiality.
- c. We will take all measures required pursuant to Article 32 of the GDPR.
- d. We will not engage another processor without your prior written consent. If you provide

such consent, we will only engage another processor in compliance with the requirements of Article 28(2) and 28(4) of the GDPR. *[where sub-processors are used, refer to the terms required as set out in the using sub-processors section of [Contracts and liabilities between controllers and processors](#) and amend this sample text accordingly]*

- e. Insofar as is possible, we will assist you in fulfilling your obligations to data subjects under chapter III of the GDPR.
- f. We will assist you in ensuring compliance with your obligations pursuant to Articles 32 to 36 of the GDPR.
- g. At the end of the contract *[we will delete all the personal data we have been processing for you]/[we will return to you all the personal data we have been processing for you]*, save insofar as we are required by law to retain any of the personal data.
- h. We will make available to you all information necessary to demonstrate compliance with the obligations laid down in Article 28 of the GDPR.
- i. We will allow you (and/or an auditor appointed by you) to carry out audits and inspections in respect of compliance with the obligations laid down in Article 28 of the GDPR, and will contribute to such audits and inspections.
- j. We will inform you immediately if we consider we have been given an instruction which infringes the GDPR and/or other EU and/or Member State data protection provisions.

7. Your obligations as data controller

[Set out the data controller's obligations, eg to provide specified information about the processing to relevant data subjects, so that the data processor does not need to do so.]

8. Our responsibilities under GDPR

Nothing within this contract relieves us of our own direct responsibilities under the GDPR.

9. Additional instructions

Technical and organisational security measures

[Insert details of specific technical and organisational security measures that the processor agrees to maintain, eg encryption]

[The sample letters assume there will be no international transfers of data. Specialist advice should be obtained if any such transfers are to take place]

[Note that your auto-enrolment duties commence as soon as you become a “new employer”]

[This letter is designed to be suitable where the practitioner provides payroll services to the client. (NB – if also using Schedule B8a, check for any overlap.) If such services are not provided but the client requires a practitioner’s assistance with the auto-enrolment process, this letter should be tailored – in particular, with regard to the recurring compliance section.]

[Name of practice]

SCHEDULE OF SERVICES

This schedule should be read in conjunction with the engagement letter and the standard terms and conditions.

PAYROLL SERVICES – AUTO-ENROLMENT

Recurring compliance work

1. As part of the preparation of your UK payroll, we will:
 - (a) calculate the deductions to be made from each worker’s pay;
 - (b) calculate the contribution you as an employer are obliged to make to the scheme; and
 - (c) process through the payroll any refunds from the scheme.

2. We will include the pension payments on the following documents:
 - (a) the payroll summary report showing the reconciliation from gross to net for each employee and all relevant payroll totals;
 - (b) the payslips for each employee (unless payslips are not required);

- (c) a report showing your total pension contributions (employees and employers) and due date for payment.

We can provide tax advice to you regarding your choice of a pension scheme but we are not authorised to provide specific advice to your employees. You are responsible for choosing a pension scheme that meets the automatic enrolment qualifying criteria and we recommend that you take appropriate independent advice.

We can assist you by:

- providing factual information about pension schemes;
- helping you to compare schemes;
- referring you to a specialist adviser; and
- referring you to guidance issued by The Pensions Regulator on pension scheme selection.

We will help you to establish which category each worker falls into, whether entitled worker, eligible jobholder or non-eligible jobholder.

3. [We will prepare and send to you a notice to send to each non-eligible jobholder that sets out certain information about opting in to an automatic enrolment scheme and what this means for them. If the non-eligible jobholder chooses to opt in, you will enrol them onto the scheme on receipt of an opt-in notice. We will assist you in this process. We will send information to the pension scheme about those non-eligible jobholders who choose to opt in.]
4. [We will prepare and send to you a notice to send to each entitled worker, giving them information about joining a pension scheme and what it means for them. This includes new starters and those becoming eligible to be enrolled by age or earnings. They do not need to be automatically enrolled but have the right to opt in. You will arrange membership to a scheme for those entitled workers who choose to join and complete a joining notice. This can be a different scheme to the one used for auto-enrolment. We will assist you in this process.]
5. [We will prepare a notice for you to give to the eligible jobholder telling them that they have been enrolled, setting out what that means for them and also detailing their right to opt out (and to opt back in again).] You must re-enrol eligible jobholders every three years. We recommend that you establish a process for this review.

We will, on receipt of the scheme information from you and the pension provider, assist you when you make your declaration of compliance to The Pensions Regulator.]

6. *[Ad hoc queries by way of telephone and email enquiries are not routine compliance and may result in additional fees. As indicated below, where appropriate we will aim to discuss and agree additional fees, but it may not always be possible to agree these in advance and we reserve the right to charge you an additional fee for these queries.]*

Ad hoc and advisory work

7. Where you have instructed 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 standard terms and conditions of business unless we decide to issue a separate engagement letter. An additional fee may be charged for these services. Examples of such work include:
- dealing with any enquiry from The Pensions Regulator; and
 - preparing any amended records that may be required and corresponding with The Pensions Regulator as necessary.
8. Where specialist advice is required on occasion, we may need to seek this from or refer you to appropriate specialists. We will only do this when instructed by the nominated person.

Changes in the law or public policy and practice

9. 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 public policy and practice or your circumstances.
10. We will accept no liability for losses arising from changes in the law or public policy and practice that are first published after the date on which the advice is given.

Your responsibilities

11. You are legally responsible for:

- (a) ensuring that your payroll and pensions records are correct and complete; and
- (b) making payment of pensions contributions on time.

12. You will keep and retain the records required by law. These include:

- (a) records about jobholders and workers, eg name, date of birth, national insurance number, gross earnings, contributions, gender, address, status within the pension scheme, opt-in notice, opt-out notice and joining notice; and
- (b) records about the pension scheme, eg employer pension scheme reference, scheme name and address, and other information in respect of specific pension schemes.

You must retain these records for six years except for requests to leave the pension scheme, which must be kept for four years.

13. You are responsible for choosing an eligible scheme and for regularly reviewing that it meets the automatic enrolment qualifying criteria, and we recommend that you take appropriate independent advice.
14. You are responsible for providing all relevant information to the trustees or managers of the pension scheme within the statutory period.
15. You are responsible for the monitoring of workers' age and earnings, and agree to advise us on any change in categorisation or status of your workers.
16. You are responsible for monitoring opt-in and opt-out requests and where workers with the right to opt in or opt out exercise that right. If required and requested by you, we will assist you in providing appropriate information for you to provide to the jobholder.
17. You are responsible for providing the required statutory information to your workers. This includes writing to new starters and those becoming eligible to be enrolled by age or earnings within six weeks of them meeting the age or earnings criteria.
18. You will enrol all eligible jobholders into an eligible pension scheme on the appropriate date.
19. You are legally responsible for:
- (a) choosing your re-enrolment date from within a six-month window, which starts three months before the third anniversary of your automatic enrolment staging date and ends three months after it; and

- (b) assessing your job holders, including those enrolled into the scheme and those you will put back into the scheme.
20. You are required within five calendar months [from the start of your legal duties and thereafter] when re-enrolling eligible jobholders to make a declaration of compliance with The Pensions Regulator.
21. To enable us to carry out our work, you agree:
- (a) to provide full information necessary for dealing with your workers' pensions; we will rely on this information and documents being true, correct and complete, and will not audit the information or documents;
 - (b) to agree with us the name(s) of the person(s) authorised by you to notify us of changes in employees and in rates of pay. We will process the changes only if notified by that (those) individual(s);
 - (c) to advise us in writing of changes of payroll pay dates;
 - (d) to notify us at least [] working days prior to the payroll date of all transactions or events that may need to be considered in relation to auto-enrolment obligations for the period, including details of:
 - all new workers and details of their remuneration packages
 - all leavers and details of termination arrangements for all workers
 - changes in categorisation or status of your workers
 - all opt-in and opt-out requests from your workers
 - all remuneration changes for all workers
 - all pension scheme changes.
22. You will keep us informed of material changes in circumstances that could affect the pension scheme, workers and deductions. If you are unsure whether the change is material or not, please let us know so that we can assess its significance or otherwise, and to seek your authority to approach such third parties as may be appropriate for information that we consider necessary to deal with your affairs.
23. Where you wish us to deal with them you will forward to us all communications received from The Pensions Regulator. These must be provided in time to enable us to deal with them as may be necessary within the statutory time limits. It is essential that you let us have copies of any correspondence received because The Pensions Regulator is not obliged to send us copies of all communications issued to you.

24. If the information required to complete the services set out above is received less than [] days before the payroll date, we will endeavour to process the payroll to meet the agreed payroll date but we will not be liable for any costs or other losses arising if the payroll is late in these circumstances. We may charge an additional fee of £[] for work carried out in a shorter time period.
25. **Our services as detailed above are subject to the limitations on our liability set out in the engagement letter and in paragraph 18 of our standard terms and conditions of business. These are important provisions, which you should read and consider carefully.**
26. **You must also refer to the attached schedule confirming data processing details.**

[Date:

Name of practice:]

Schedule to Appendix B8b

[Where the firm is undertaking payroll work, the firm is likely to be acting as a data processor (with the firm's client being the data controller).

Article 28(3) of the GDPR stipulates certain matters that must be included in contracts between data controllers and data processors. The sample text below is intended to assist practitioners in drawing up appropriate contracts, but it is important that practitioners familiarise themselves with the GDPR itself. Further guidance is available from the ICO at Contracts and liabilities between controllers and processors. As well as ensuring that an appropriate contract is in place, practitioners will need to consider how all of the requirements placed upon them as a data processor will be met in practice. The ICO guidance referred to includes a checklist on the final page relating to a processor's direct responsibilities.]

Schedule confirming data-processing details that must be added to the agreement

1. Subject matter of processing

[Insert]

2. Duration of the processing

[Insert]

3. Nature and purpose of the processing

[Insert]

4. Types(s) of personal data to be processed

[Insert]

5. Categories of data subjects

[Insert]

6. Our obligations (as data processor) to you (as data controller)

- a. We will process personal data only on documented instructions from you, including with regard to transfers of personal data to a third country or an international organisation, unless required to do so by EU law or the law of a Member State; in such a case, we shall inform you of that legal requirement before processing, unless the law in question prohibits such information on important grounds of public interest.
- b. We will obtain a commitment of confidentiality from anyone we authorise to process the personal data, unless they are already under a statutory obligation of confidentiality.
- c. We will take all measures required pursuant to Article 32 of the GDPR.
- d. We will not engage another processor without your prior written consent. If you provide

such consent, we will only engage another processor in compliance with the requirements of Article 28(2) and 28(4) of the GDPR. *[where sub-processors are used refer to the terms required as set out in the using sub-processors section of [Contracts and liabilities between controllers and processors](#) and amend this sample text accordingly]*

- e. Insofar as is possible, we will assist you in fulfilling your obligations to data subjects under chapter III of the GDPR.
- f. We will assist you in ensuring compliance with your obligations pursuant to Articles 32 to 36 of the GDPR.
- g. At the end of the contract *[we will delete all the personal data we have been processing for you]/[we will return to you all the personal data we have been processing for you],* save insofar as we are required by law to retain any of the personal data.
- h. We will make available to you all information necessary to demonstrate compliance with the obligations laid down in Article 28 of the GDPR.
- i. We will allow you (and/or an auditor appointed by you) to carry out audits and inspections in respect of compliance with the obligations laid down in Article 28 of the GDPR, and will contribute to such audits and inspections.
- j. We will inform you immediately if we consider we have been given an instruction which infringes the UK GDPR and/or other EU and/or Member State data protection provisions.

7. Your obligations as data controller

[Set out the data controller's obligations, eg to provide specified information about the processing to relevant data subjects, so that the data processor does not need to do so.]

8. Our responsibilities under GDPR

Nothing within this contract relieves us of our own direct responsibilities under the GDPR.

9. Additional instructions

Technical and organisational security measures

[Insert details of specific technical and organisational security measures that the processor agrees to maintain, eg encryption]

[The sample letters assume there will be no international transfers of data. Specialist advice should be obtained if any such transfers are to take place]

[Where there are clients who payroll benefits-in-kind (BIK) and/or expenses as part of the payroll work and prepare/review/submit forms P11D(b) in respect of such BIK/expenses, you need to use paragraphs both in the payroll schedule of services (B8a or B8b) and below. If the client asks the practitioner to advise on this, then this can be covered under ad hoc services below.]

[Name of practice]

SCHEDULE OF SERVICES

This schedule should be read in conjunction with the engagement letter and the standard terms and conditions.

BENEFITS-IN-KIND RETURNS

(Forms P11D and declaration P11D(b)) and class 1A national insurance contributions (NIC)

Recurring compliance work

1. We will **[prepare/review]** forms P11D as may be required for each employee, including directors, based on the accounts, information and explanations provided to us on your behalf.
2. We will **[prepare/review]** form P11D(b) **[to include the class 1A NIC on benefits-in-kind (BIK) and expenses, both on forms P11D and included in payroll]**.
3. We will submit the forms P11D for any employees for whom benefits and/or expenses are provided but not payrolled with the form P11D(b) online after the P11Ds and form P11D(b) have been approved in writing by you.
4. We will prepare and send to you the P11D information for you to forward to your employees and directors by the statutory due date of 6 July following the end of the tax year.
5. We will calculate your class 1A NIC liability on the benefits and expenses **[both returned in forms P11D and included in payroll]** that you are obliged to pay HMRC by the due date and send payment instructions to you.

6. *[Ad hoc queries by way of telephone and email enquiries are not routine compliance and may result in additional fees. As indicated below, where appropriate we will aim to discuss and agree additional fees, but it may not always be possible to agree these in advance and we reserve the right to charge you an additional fee for these queries.]*

Ad hoc and advisory work

7. Where you have instructed 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 standard terms and conditions of business unless we decide to issue a separate engagement letter. An additional fee may be charged for these services. Examples of such work include:
- assisting you with calculating the values for tax and NIC of benefits-in-kind (BiK) provided to employees, including when provided by way of salary sacrifice and other optional remuneration arrangements;
 - dealing with compliance checks or enquiries opened into the BiK returns by HMRC;
 - preparing any amended returns that may be required and corresponding with HMRC as necessary;
 - advising on PAYE settlement agreements and/or approved expenses scale rates;
 - conducting PAYE and benefits health checks;
 - where you notify us that HMRC has issued communications directly to you. As HMRC does not provide agent access to all areas of client affairs, we assume that you will deal with a response in the first instance; and
 - where HMRC service delays result in additional time taken to resolve matters on which we are engaged to assist.
8. Where specialist advice is required, we may need to seek this from or refer you to appropriate specialists. We will only do this when instructed by the nominated person.

Changes in the law or public policy and practice

9. 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 public policy and practice or your circumstances.

10. We will accept no liability for losses arising from changes in the law or public policy and practice that are first published after the date on which the advice is given.

Your responsibilities

11. You are legally responsible for:

- (a) ensuring that your declaration on form P11D(b) is true to the best of your knowledge and belief, and therefore that [the entries on the related forms P11D] [[and] amounts of benefits in kind and expenses included in payroll] are correct and complete;
- (b) filing any returns by the due date after the end of the tax year; and
- (c) paying class 1A NIC on time.

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

12. Legal responsibility for approval of the return cannot be delegated to others. The nominated individual agrees to check that the forms that we have prepared for you are complete before they approve them.

13. 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) to provide full information necessary for dealing with your P11D/P11D(b) submissions; we will rely on the information and documents being true, correct and complete, and will not audit the information or those documents;
- (c) to notify us within [] working days after the end of the tax year of all transactions or events that may need to be reflected in the forms P11D for the period, including details of all employees during the year and details of their remuneration packages; and
- (d) to authorise us to approach such third parties as may be appropriate that we consider necessary to deal with completing the P11D/P11D(b) submissions.

14. If the information required to complete the P11D/P11D(b) submissions set out above is received more

than [] days after the end of the tax year, we will still endeavour to process the information onto the P11D/P11D(b) submissions to meet the submission date but we will not be liable for any costs or other losses arising if submission is late in these circumstances. We may charge an additional fee of [] in such circumstances.

15. Where you wish us to deal with HMRC communications, you will forward to us all communications received from HMRC. These must be provided in time to enable us to deal with them as may be necessary within the statutory time limits. It is essential that you let us have copies of any correspondence received because HMRC is not obliged to send us copies of all communications issued to you.

16. **Our services as detailed above are subject to the limitations on our liability set out in the engagement letter and in paragraph 18 of our standard terms and conditions of business. These are important provisions, which you should read and consider carefully.**

[Date:

Name of practice:]

[Name of practice]

SCHEDULE OF SERVICES

This schedule should be read in conjunction with the engagement letter and the standard terms and conditions.

VAT RETURNS

Initial registration

1. [We will register you for VAT. By instructing us to sign up on your behalf you are agreeing to HMRC's terms of participation. This may result in certain changes that may include changes to deadlines. You will need to complete HMRC's sign-up process to enable submission of your tax return].

Or

[You have confirmed that you are already registered for VAT and no assistance is required from us in dealing with registration requirements]

Recurring compliance work

2. We will prepare your VAT returns on a [monthly/quarterly/annual] basis. The first such return to be prepared by us will be the return for the period ending [date].
3. [We will keep all 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.]

Or

[We [will]/[will not] check the digital records which you keep to meet the requirements of MTD for VAT and which you provide to us for preparation of the VAT returns. You may be required to provide us with your data digitally and we will tell you if/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 and/or a spreadsheet(s) 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 ensure that your digital records are complete and accurate.]

4. Based on the information that you provide to us, we will tell you how much VAT you should pay and when. If appropriate, we will initiate repayment claims where tax has been overpaid. We will advise

on the interest and penalty implications if VAT is paid late.

5. [Where appropriate, we will include import VAT from any digital import certificates (postponed VAT accounting) and/or C79s we receive from you].
6. Where appropriate, we will calculate the partial exemption annual adjustment. [This annual adjustment will normally be made in the quarter ending [date] as the tax year for partial exemption purposes ends on [date].]
7. Where appropriate, we will calculate the annual Capital Goods Scheme adjustment. [The adjustment will normally be made in the quarter ending [date] as the interval end date is [date].]
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.
9. We will advise you of any relaxations applicable in relation to the digital records for supplies made and received. Where the requirements are impossible, impractical or unduly onerous, we will seek to reach agreement with HMRC on a specific relaxation, but this may be subject to an additional fee.
10. We will submit your VAT return data online to HMRC [after the data to be included therein has been approved/on the basis of the data provided] [delete as appropriate], by you.
11. [We will agree with you any supplementary information to be submitted on a voluntary basis with the VAT returns prior to submission.]
12. [Where you are invoice (accruals) accounting for income tax, we will perform an annual reconciliation of VAT outputs to accounting turnover.]
13. [Ad hoc queries by way of telephone and email enquiries are not routine compliance and may result in additional fees. As indicated below, where appropriate we will aim to discuss and agree additional fees but it may not always be possible to agree these in advance and we reserve the right to charge you an additional fee for these queries.]

Ad hoc and advisory services

14. Where you have instructed 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 standard terms and conditions of business unless we decide to issue a separate engagement letter. An additional fee may be charged for these services. Examples of such work include:

- advising on ad hoc transactions and queries (including telephone conversations), preparing and submitting information in the relevant format to HMRC and calculating any related tax liabilities;
- reviewing and advising on a suitable partial exemption method to use in preparing the return;
- dealing with all communications relating to your VAT returns addressed to us by HMRC or passed to us by you;
- where HMRC service delays result in additional time taken to resolve matters on which we are engaged to assist;
- processing import and export declarations, including deferred import entries that require postponed VAT accounting (at present we assume that these will be handled by you or your customs agent);
- making recommendations to you about the use of cash accounting, annual accounting, flat rate and other suitable methods of accounting for VAT;
- making recommendations to you about the use of the VAT One Stop Shop (OSS) if you supply relevant services or goods to consumers in the EU;
- advice on the VAT liability for consumers outside the UK;
- providing you with advice on VAT [excise duty/customs duty/landfill tax/insurance premium tax/aggregates levy/climate change levy/other levy or duty] as and when requested;
- advising on time to pay arrangements or deferral of payment;
- work required to rectify the position where your software is incompatible with our software; and
- 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.

Where the advice is provided in writing, the information provided and the query raised will be set out with our response to you.

15. Where specialist advice is required in certain areas, we may need to seek this from or refer you to appropriate specialists. We will only do this when instructed by you.

Changes in the law or practice or in public policy

16. 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 practice or in public policy or your circumstances.
17. We will accept no liability for losses arising from changes in the law or practice or in public policy that are first published after the date on which the advice is given.

Your responsibilities

18. You are legally responsible for:

- (a) ensuring that your returns are correct and complete [and in an appropriate digital format and capture the appropriate level of data]
- (b) [ensuring your record-keeping system is compliant with the requirements for the digital recording [and transfer of] data]
- (c) filing any returns by the due date
- (d) making payment of VAT on time.

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

19. You cannot delegate this legal responsibility to others. [You agree to check that returns that we have prepared for you are complete before approving them.]
20. [Where we are keeping your digital records, you are responsible for providing us with the following information required for us to prepare the return:

- (e) sales invoices
- (f) purchase invoices
- (g) bank statements
- (h) digital import certificates (you are responsible for downloading and storing these certificates)
- (i) details of bank and cash payments
- (j) details of bank and cash receipts
- (k) work-in-progress details
- (l) access to your accounting records.

We have also agreed that you will provide the following:

- (a) a record of the amounts owed to the business
- (b) a record of amounts owed by the business
- (c) a list of accruals
- (d) a list of prepayments
- (e) private use adjustments].

21. 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, and that all digital links are in the manner proscribed. The returns are prepared 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 you provide, that 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
- (d) to provide us with all the records relevant to the preparation of your [monthly/quarterly/annual] returns as soon as possible after the return period ends. We would ordinarily need a minimum of [] days before submission to complete our work. If the records are provided later or are incomplete or unclear, thereby delaying the preparation and submission of the return, we accept no responsibility for any penalty that may arise. Where feasible, we may agree to complete your return within a shorter period but may charge an additional fee of [] for so doing
- (e) to inform us that you have made the tax payment based on your calculated return.

22. You will keep us informed of material changes in circumstances that could affect your obligations, for example:

- change in the nature of your business
- change in turnover
- change of type of supply for VAT
- change in your type of business entity such as from sole trader into partnership
- acquisition or disposal of land or property etc
- starting to make supplies that are exempt from VAT
- transactions within Northern Ireland that require you to obtain an XI EORI number
- transactions transported via Northern Ireland to an EU member state
- you have reclaimed VAT on any assets that fall, or may fall, under the Capital Goods Scheme and are still within the applicable adjustment period (generally within the last 5 or 10 years, depending on the type of asset).

23. Where you wish us to deal with HMRC communications, you will forward to us all communications received from HMRC such as statements of account, copies of notices of assessment and letters. These must be provided in time to enable us to deal with them as may be necessary within the statutory time limits. It is essential that you let us have copies of any correspondence received because HMRC is not obliged to send us copies of all communications issued to you.

24. You are responsible for bringing to our attention any errors, omissions or inaccuracies in your returns that you become aware of after the returns have been submitted in order that we may assist you to make a voluntary disclosure.

25. [(a)] If you provide services, or you make distance sales of goods, to private consumers in the EU and are over the registration limits, you are responsible for either registering for VAT in that member state or registering for the VAT One Stop Shop (OSS).

(b) [If you are involved with any other business that 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 VAT registration threshold, and 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;

- If you exceed the threshold in the last 12 months; one month following the month in which you exceeded the VAT registration threshold in force at that time.
- If you are going to exceed the threshold in the next 30 days alone; by the end of that 30-day period.

We will not be responsible if you fail to notify us in time and incur a late-registration penalty as a result.]

26. 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 that you are not completely satisfied with.

27. Our services as detailed above are subject to the limitations on our liability set out in the engagement letter and in paragraph 18 of our standard terms and conditions of business. These are important provisions which you should read and consider carefully.

[Date:

Name of practice:]

[Name of practice]

SCHEDULE OF SERVICES

This schedule must be read in conjunction with the engagement letter and the standard terms and conditions.

VOLUNTARY (UNPROMPTED) DISCLOSURE TO HMRC

Our service to you will be as follows:

1. We are to provide taxation advice to you in respect of a voluntary disclosure to HMRC.
2. Where required, we will prepare a report on your behalf giving full disclosure of your UK taxation affairs and, once it is agreed by you, submit it to HMRC on your behalf. We may also use HMRC's online Digital Disclosure Service
 - to register you for an appropriate disclosure facility after you agree to that approach; and
 - to submit information to HMRC relating to your disclosure, once it is agreed by you.
3. We will negotiate with HMRC on any issue relating to taxation, interest and penalties with the aim of settling your United Kingdom taxation affairs. *[The outcome of some income tax disclosures may be related to or impact on claims to universal credit. We will not address the universal credit issues unless we explicitly agree to do so.]*
4. We must make it clear that if at any time we consider that:
 - you are not cooperating with us and answering our enquiries fully and frankly; or
 - you are unwilling to make full disclosure or you refuse to do so

then we will immediately cease to act and inform HMRC of that fact (albeit not the reasons for ceasing to act). In that event, any fees you have already paid will not be reimbursed and you will remain liable for any unbilled costs.

5. As part of the disclosure, either we (on your behalf) or HMRC may propose alternative dispute resolution to resolve matters. In such cases, we will negotiate on your behalf as part of this process. However, if the mediation is not successful and the case continues, the terms set out in this engagement letter will continue to apply to all work carried out on your behalf following the mediation.

6. We will, if instructed by you on a case-by-case basis:
- make appeals to HMRC against assessments and/or determinations of taxation and/or penalties issued by HMRC during the course of our work. These appeals may include requests for the collection of the amount assessed/determined to be postponed pending full resolution of the compliance check/enquiry/investigation. We cannot guarantee that HMRC will accept the appeal and/or postponement application;
 - request HMRC undertake an internal review of its decision(s) and make representations to the reviewing officer;
 - make representations to HMRC on your behalf if HMRC indicates it intends to publish your details (eg as a deliberate defaulter);
 - advise in relation to double tax relief if appropriate.
7. Where specialist advice is required in connection with the voluntary disclosure, we may need to seek this from or refer you to appropriate specialists and/or tax counsel. We will only do this when instructed by you.
8. Where you request us to advise on ancillary matters connected with the disclosure to HMRC, we will confirm your instruction in this regard in writing and, if appropriate, issue to you a separate engagement letter to cover these ancillary matters. Where it is not appropriate to issue a separate engagement letter, we will carry out this additional advice under the terms of this engagement letter (although we reserve the right to charge an additional fee).

Your responsibilities

9. To enable us to carry out our work in relation to the voluntary disclosure, you agree:
- (a) that all information and documentation to be given to HMRC in the course of the voluntary disclosure is to be made on the basis of full disclosure of all sources of **worldwide** income, charges, allowances and capital transactions;
 - (b) to provide full information necessary for dealing with the voluntary disclosure;
 - (c) to authorise us to communicate with such third parties as may be appropriate and that we consider necessary to deal with the voluntary disclosure;
 - (d) to provide information promptly to enable us to deal with the voluntary disclosure expeditiously, and to act in your interests in order to qualify for such reduction as may be appropriate for the cause of the error and the level of disclosure if there are tax liabilities or penalties for earlier years;

- (e) to forward to us on receipt copies of all HMRC correspondence, statements of account, [PAYE coding notices,] notices of assessment, letters and other communications received from HMRC as may be relevant to the voluntary disclosure to enable us to deal with them as may be necessary immediately upon receipt. It is essential that you let us have copies of any correspondence received because HMRC is not obliged to send us copies of all communications issued to you.
- (f) to keep us informed about significant changes in your circumstances if they are likely to affect the outcome of the voluntary disclosure. If you are unsure whether the change is material or not, please let us know so that we can assess its significance or otherwise;
- (g) to notify us immediately of any insurance cover you have for this voluntary disclosure, including any queries raised by HMRC following its submission.
- (h) To the extent that our advice covers non-UK tax aspects, you must confirm this with an appropriately qualified professional adviser in the relevant territory before any irrevocable action is taken. We would be pleased to liaise with them as appropriate.

Our services as detailed above are subject to the limitations on our liability set out in the engagement letter and in paragraph 18 of our standard terms and conditions of business. These are important provisions, which you should read and consider carefully.

[Date:

Name of practice:]

[Name of practice]

SCHEDULE OF SERVICES

This schedule must be read in conjunction with the engagement letter and the standard terms and conditions.

HMRC CIVIL TAX INVESTIGATIONS AND ENQUIRIES

Investigation [Enquiry] by HMRC into **[name of person/entity being investigated]**

1. Our service to you will be as follows:
2. We are to provide taxation advice to you in connection with the queries raised by HMRC in its letter dated *xx [enter date of opening letter]* in respect of an investigation under *[enter type, eg CDF, COP 8 etc]*.
3. Where required, we will prepare a report on your behalf giving full disclosure of your UK taxation affairs and, once it is agreed by you, submit it to HMRC on your behalf.
4. We will negotiate with HMRC on any issue relating to taxation, interest and penalties with the aim of settling your United Kingdom taxation affairs. *[The outcome of some income tax enquiries may be related to or impact on claims to universal credit. We will not address the universal credit issues unless we explicitly agree to do so.]*
5. We must make it clear that if at any time we consider that:
 - you are not cooperating with us and answering our enquiries fully and frankly; or
 - you are unwilling to make full disclosure or you refuse to do so

then we will immediately cease to act and inform HMRC of that fact (albeit not the reasons for ceasing to act). In that event, any invoiced fees you have already paid will not be reimbursed and you will remain liable for any unbilled costs.

6. As part of the investigation, either we (on your behalf) or HMRC may propose alternative dispute resolution to resolve matters. In such cases, we will negotiate on your behalf as part of this process. However, if the mediation is not successful and the investigation continues, the terms set out in this engagement letter will continue to apply to all work carried out on your behalf following the mediation.

7. We will, if instructed by you on a case-by-case basis:

- make appeals to HMRC against assessments and/or determinations of taxation and/or penalties issued by HMRC during the course of our work. These appeals may include requests for the collection of the amount assessed/determined to be postponed pending full resolution of the enquiry/investigation. We cannot guarantee that HMRC will accept the appeal and/or postponement application;
- request that HMRC undertakes an internal review of its decision and make representations to the review officer;
- make representations to HMRC on your behalf if HMRC indicates that it intends to publish your details (eg as a deliberate defaulter);
- advise in relation to double tax relief if appropriate.

8. Where specialist advice is required in connection with the investigation, we may need to seek this from or refer you to appropriate specialists and/or tax counsel. We will only do this when instructed by you.

Your responsibilities

9. To enable us to carry out our work in relation to the investigation, you agree:

- (a) that all information to be given to HMRC in the course of the investigation is to be made on the basis of full disclosure of all sources of **worldwide** income, charges, allowances and capital transactions;
- (b) to provide full information necessary for dealing with the investigation;
- (c) to authorise us to communicate with such third parties as may be appropriate and that we consider necessary to deal with the investigation;
- (d) to provide information promptly to enable us to deal with the investigation expeditiously and to act in your interests in order to qualify for such reduction as may be appropriate for the cause of the error and the level of disclosure if there are tax liabilities or penalties for earlier years;
- (e) to forward to us on receipt copies of all HMRC correspondence (including emails), statements of account, [PAYE coding notices,] notices of assessment, letters and other communications received from HMRC as may be relevant to the investigation to enable us to deal with them as may be necessary within the statutory time limits. It is essential that you let us have copies of any correspondence received because HMRC is not obliged to send us copies of all communications issued to you;

- (f) to keep us informed about significant changes in your circumstances if they are likely to affect the outcome of the investigation. If you are unsure whether the change is material or not, please let us know so that we can assess its significance or otherwise;
- (g) to notify us immediately of any insurance cover you have for investigation and enquiries into your tax returns by HMRC;
- (h) to the extent that our advice covers non-UK tax aspects, you must confirm this with an appropriately qualified professional adviser in the relevant territory before any irrevocable action is taken. We would be pleased to liaise with them as appropriate.

10. Our services as detailed above are subject to the limitations on our liability set out in the engagement letter and in paragraph 18 of our standard terms and conditions of business. These are important provisions, which you should read and consider carefully.

[Date:

Name of practice:]

[A practitioner will need to tailor this letter to set out the work being done and associated client responsibilities. As well as clearly defining the scope of work, a practitioner should also consider defining the purpose of the work. In the event of a case of negligence, defining the purpose of advice may mitigate potential liability.]

[Name of practice]

SCHEDULE OF SERVICES

This schedule should be read in conjunction with the engagement letter and the standard terms and conditions.

[Specialist or ad hoc tax advisory services] or [Tax advisory services in relation to *name of specific project*]

1. **[We will provide ad hoc tax advisory services as requested by you from time to time] or [We will provide tax advisory services in relation to [eg the sale of your shareholding in Xyz Co].**
2. Our services may include (but are not limited to) telephone conversations, attendance at meetings, and written advice as and when requested by you.
3. We will not be responsible for the provision of any tax compliance services, unless covered by a separate engagement letter or another schedule to this letter.
4. Where additional expertise is required, we will discuss this with you and may need to seek this from or refer you to another specialist. We will only do this when instructed by you.

Changes in the law or practice or in public policy

5. 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 practice or in public policy or your circumstances.

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

Your responsibilities

[These are standard paragraphs and practitioners will need to amend the wording to include additional client responsibilities where relevant]

7. You agree to provide full information necessary for us to provide the relevant advice. We will rely on the information and documents being true, correct and complete, and will not audit the information or those documents.
8. If you require tax advice in relation to a proposed transaction, we recommend that you instruct us sufficiently in advance so that we have time to give properly considered advice prior to the transaction taking place. [We cannot be held responsible for any advice where the details were not made available to us in sufficient time.]
9. You authorise us to approach such third parties as may be appropriate for information that we consider necessary to provide the advice.
10. You will keep us informed of material changes in your circumstances that could affect the tax advisory services we are providing. If you are unsure whether the change is material or not, please let us know so that we can assess its significance.
11. Where you wish us to deal with HMRC communications, you will forward to us all communications received from HMRC. These must be provided in time to enable us to deal with them as may be necessary within the statutory time limits. It is essential that you let us have copies of any correspondence received because HMRC is not obliged to send us copies of all communications issued to you.
12. (a) If you provide services, or make distance sales of goods, to private consumers in the European Union, you are responsible for either registering for VAT in that member state or registering for VAT One Stop Shop (OSS).
 - (b) *[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 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 statutory time limit:*
 - *If you exceed the threshold in the last 12 months; one month following the month in which you exceeded the VAT registration threshold in force at that time.*

- If you are going to exceed the threshold in the next 30 days alone; by the end of that 30-day period.

We will not be responsible if you fail to notify us in time and incur a late registration penalty as a result.

- (c) [You are responsible for employment taxes, pensions (including auto-enrolment) and the assessment of the tax status of your workers. If you do not understand what you need to consider or 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. We are not responsible for any penalty that is incurred.]

13. Our services as detailed above are subject to the limitations on our liability set out in the engagement letter and in paragraph 18 of our standard terms and conditions of business. These are important provisions, which you should read and consider carefully.

[Date:

Name of practice:]

[Name of practice]

SCHEDULE OF SERVICES

This schedule should be read in conjunction with the engagement letter and the standard terms and conditions.

VERIFICATION AND REGISTRATION OF OVERSEAS ENTITIES ON THE UK REGISTER

Our service to you

1. We have agreed to act as your agent and, as part of the chargeable services, to:
 - a) gather information, assess its reliability and independence, and to consider (and where appropriate in our assessment):
 - verify the identities of beneficial owners based on the information provided to us and identify registrable beneficial owners (including managing officers) as stipulated within schedule 2 of the Economic Crime (Transparency and Enforcement) Act 2022 (ECTEA 2022) of (name of the overseas entity) for their registration on the Register of Overseas Entities in UK;
 - submit a 'Verification checks statement' or register the entity on the Register of Overseas Entities and complete a verification check statement;
 - complete online any other changes required by law to be filed at Companies House, provided that such changes can be filed online and that you keep us fully informed of any relevant changes or events which are required to be notified to Companies House within one week of the change or event;
 - b) maintain and update the Register of Beneficial Owners required by section 7 of the ECTEA 2022;
 - c) support you in meeting annual compliance obligations which require this information at Companies House to be kept up to date, unless otherwise advised.

Our responsibilities

2. We have set out the agreed scope and objectives of your instructions within this schedule of service. Any subsequent changes will be discussed with you and, where appropriate, a new schedule of service will be agreed.
3. We shall proceed on the basis of the instructions we have received from you and will rely on you to tell us as soon as possible if anything occurs which renders any information previously given to us as incorrect or inaccurate.

4. Where the overseas entity is able to take advantage of exemptions from registration as prescribed within Part 4 of Schedule 2 to the ECTEA 2022, we will assist you to identify your obligations.
5. We shall not be responsible for any failure to advise or comment on any matter that falls outside the specific scope of your instructions. We cannot accept any responsibility for any event, loss or situation unless it is one against which it is the expressed purpose of these instructions to provide protection.

For Your Information

6. An overseas entity is required to set up an entry on the register of overseas entities, which will include information about their beneficial owners as prescribed within sections 3 to 32 of ECTEA 2022. In relation to England and Wales, ECTEA 2022 only applies to overseas entities that were registered as proprietor of a qualifying estate on or after 1 January 1999.
7. For registration purposes an 'overseas company' means a company which is incorporated outside the UK. This includes companies incorporated in:
 - one of the Channel Islands (commonly Jersey or Guernsey)
 - the Isle of Man
 - the Republic of Ireland (companies incorporated in Northern Ireland are UK companies)
8. For the purposes of ECTEA 2022 and Schedule 4A of the Land Registration Act 2002, qualifying estate means a freehold estate in land, or a leasehold estate in land granted for a term of more than seven years from the date of the grant.
9. An overseas entity will be liable to a fine if it fails to register at Companies House. Though we have agreed to assist and register the entity on your behalf, we accept no responsibility for fines or regulatory action taken against the entity/officers where the statutory information is not available for filing.
10. Under section 12 of ECTEA 2022, an overseas entity and its officers are required by statute to comply before:
 - (a) making an application under section 4 for registration;
 - (b) complying with the updating duty under section 7;
 - (c) making an application under section 9 for removal.
11. You must take reasonable steps—
 - (a) to identify any registrable beneficial owners in relation to the entity, and
 - (b) if you identify, to obtain, for the purposes of the application under section 4 or 9 or for the purposes of complying with the updating duty under section 7—
 - (i) the required information about each registrable beneficial owner, and
 - (ii) in respect of any registrable beneficial owner who is a trustee, the required information about the trust.

12. In identifying beneficial owners, you must give a notice to any person that you know, or has reasonable cause to believe, is a registrable beneficial owner in relation to the entity.
13. You are also responsible for making available to us, as and when required, all the required information on changes in the beneficial owners and all other relevant records and related information.
14. You will also be responsible for maintaining records of all changes in the beneficial owners register.
15. As part of our normal procedures, we may request you to provide written confirmation of any oral information and explanations given to us during the course of our work.
16. We have a professional duty to verify beneficial owners, registrable beneficial owners and managing officers as per the ECTEA 2022 and updating the companies house with this information. We have a professional responsibility not to allow our name to be associated with information that may be misleading or incorrect. In extreme cases, where this matter cannot be resolved, we will withdraw from the engagement and notify you in writing of the reasons.

Your responsibilities

17. It is your responsibility to provide us with information for the persons you know, or have reasonable cause to believe knows, the identity of:
 - (a) person who is a registrable beneficial owner in relation to the overseas entity, but is not registrable; or
 - (b) any legal entity that is a beneficial owner in relation to the overseas entity but is not registrable; or
 - (c) a person likely to have knowledge of the identity of a person within paragraph (a) or (b).
18. The advice that we give is only as good as the information on which it is based. In so far as that information is provided by you, or by third parties with your permission, your responsibility arises as soon as possible if any circumstances or facts alter, as any alteration may have a significant impact on the advice given. If the circumstances change or your needs alter, advise us of the alteration as soon as possible in writing.
19. You will keep us fully informed of any relevant changes or events which are required to be notified to Companies House within one week of the change or event;
20. In addition, you are required to update the beneficial owner's information. For us to complete this confirmation on your behalf, you need to supply us with the relevant details, including:
 - (a) the names, dates of birth, nationality and contact details for each beneficial owner, and officer if applicable, or changes thereto;
 - (b) the usual residential address, or changes thereto; and

(c) the service address of the beneficial owner.

Other services

21. You may request that we provide other services from time to time. If these services will exceed **£insert value**, we will issue a separate letter of engagement and scope of work to be performed accordingly.
22. Because rules and regulations frequently change, you must ask us to confirm any advice already given if a transaction is delayed or a similar transaction is to be undertaken.

[Date:

Name of practice:]

[Name of practice]

STANDARD TERMS AND CONDITIONS OF BUSINESS

These terms and conditions should be read alongside the privacy notice

[Please read the guidance notes before using this appendix]

[To be adapted as appropriate to suit a practitioner's business and then printed on the practice headed notepaper. Apply or delete the words in square brackets as necessary]

1. Applicable law

Our engagement letter, the schedule of services and our standard terms and conditions of business are governed by, and should be construed in accordance with, the law and practice of **[England and Wales/Scotland/Northern Ireland]**. Each party agrees that the courts of **[England and Wales/Scotland/Northern Ireland]** will have exclusive jurisdiction in relation to any claim, dispute or difference concerning this engagement letter and any matter arising from it. Each party irrevocably waives any right to object to any action being brought in those courts, to claim that the action has been brought in an inappropriate forum, or to claim that those courts do not have jurisdiction.

2. Artificial Intelligence and machine learning

AI-enabled software may be used in providing services **[consider disclosing actual use of AI tools in deliverables]**.

3. Client identification and verification

As with other professional services firms, we are required to identify and verify our clients for the purposes of the UK anti-money laundering legislation. Save in exceptional circumstances, we cannot start work until this requirement has been met. We may request from you, and retain, such information and documentation as we require for these purposes and/or make searches of appropriate databases including ID verification software.

[If you are undertaking business that requires you to be supervised by an appropriate supervisory authority to follow anti-money laundering regulations, including if you accept or make high-value cash

payments of €10,000 or more (or equivalent in any currency) in exchange for goods, you must inform us.]

4. Client money

If we hold money on your behalf, such money will be held in trust in a client bank account, which is segregated from the firm's funds. The account will be operated and all funds dealt with in accordance with *[insert name of professional body]* rules.

5. Commissions and other benefits

In some circumstances we may receive commissions and/or other benefits for introductions to other professionals or in respect of transactions that we arrange for you. Where this happens we will notify you in writing of the amount and terms of payment and receipt of any such commissions or benefits. *[The same will apply where the payment is made to or the transactions are arranged by a person or business connected with ours.] [The fees you would otherwise pay will [not] be reduced by the amount of the commissions or benefits.] [When we reduce the fees that we would otherwise charge by the amount of commission retained, we will apply the HMRC concession, which allows VAT to be calculated on the net fee after deduction of the commission].*

6. Complaints

We are committed to providing you with a high-quality service that is both efficient and effective. However, should there be any cause for complaint in relation to any aspect of our service, please contact *[.....]*. *[Where your complaint relates to that person, you should instead please contact [.....]].* Please note that we accept no responsibility for delays in the provision of our services, where such delays are a result of HMRC service and access issues.

We agree to look into any complaint carefully and promptly, and do everything reasonable to try and resolve it. If you are still not satisfied you can refer your complaint to our professional body, *[insert name of professional body]*.

7. Confidentiality

Communication between us is confidential. We shall take all reasonable steps not to disclose your information except where we are required to and as set out in our privacy notice. Unless we are authorised by you to disclose information on your behalf, this undertaking will apply during and after this engagement.

We may, on occasions, subcontract work on your affairs to other tax or accounting professionals. The subcontractors will be bound by our client confidentiality and security terms.

8. Conflicts of interest

If there is a conflict of interest in our relationship with you, or in our relationship with you and another client, that is capable of being addressed successfully by the adoption of suitable safeguards to protect your interests, then we will adopt those safeguards.

Where conflicts are identified that cannot be managed in a way that protects your interests, then we regret that we will be unable to provide further services. If this arises, we will inform you promptly. We reserve the right to act for other clients whose interests are not the same as or are adverse to yours, subject, of course, to the obligations of confidentiality referred to above.

9. Data protection

[If consent is to be relied upon as a basis for the processing of personal data, the issue of consent should be expressly and specifically addressed in the engagement letter/acceptance.]

You acknowledge that we will act in accordance with the privacy notice we have supplied to you.

10. Disengagement

Should we resign or be requested to resign, we will normally issue a disengagement letter to ensure that our respective responsibilities are clear.

Should we have no contact with you for a period of *[insert period]* or more, we may issue to your last known address a disengagement letter and thereafter cease to act.

We reserve the right following termination for any reason to destroy any of your documents that we have not been able to return to you after a period of six months unless other laws or regulations require otherwise.

11. Electronic and other communication

As instructed, we will communicate with you and with any third parties you instruct us to as set out in our covering letter and privacy notice via email or by other electronic means. The recipient is responsible for virus-checking emails and any attachments.

With electronic communication there is a risk of non-receipt, delayed receipt, inadvertent misdirection or interception by third parties. We use virus-scanning software to reduce the risk of viruses and similar damaging items being transmitted through emails or electronic storage devices. However, electronic communication is not totally secure and we cannot be held responsible for damage or loss caused by viruses, nor for communications that are corrupted or altered after despatch. Nor can we accept any liability for problems or accidental errors relating to this means of communication, especially in relation to commercially sensitive material. These are risks you must accept in return for greater efficiency and lower costs. If you do not wish to accept these risks, please let us know and we will communicate by hard copy, other than where electronic submission is mandatory.

Any communication by us with you sent through the post is deemed to arrive at your postal address two working days after the day that the document was sent.

When accessing information held electronically by HMRC, we may have access to more information than we need and will only access records reasonably required to carry out the contract.

You are required to keep us up to date with accurate contact details at all times. This is important to ensure that communications and papers are not sent to the incorrect address.

11. Fees and payment terms

Our fees may depend not only upon the time spent on your affairs but also on the level of skill and responsibility, and the importance and value of the advice that we provide, as well as the level of risk.

If we provide you with an estimate of our fees for any specific work, then the estimate will not be contractually binding unless we explicitly state that that will be the case.

Where requested, we may indicate a fixed fee for the provision of specific services or an indicative range of fees for a particular assignment. It is not our practice to identify fixed fees for more than a year ahead as such fee quotes need to be reviewed in the light of events. If it becomes apparent to us, due to

unforeseen circumstances, that a fee quote is inadequate, we reserve the right to notify you of a revised figure or range and to seek your agreement thereto.

In some cases, you may be entitled to assistance with your professional fees, particularly in relation to any investigation into your tax affairs by HMRC. Assistance may be provided through insurance policies you hold or via membership of a professional or trade body. Other than where such insurance was arranged through us, you will need to advise us of any such insurance cover that you have. You will remain liable for our fees regardless of whether all or part are liable to be paid by your insurers.

We will bill [monthly]/[quarterly]/[half-yearly] and our invoices are due for payment [upon presentation/within [14]/[30] days of issue]. Our fees are exclusive of VAT, which will be added where it is chargeable. Any disbursements we incur on your behalf and expenses incurred in the course of carrying out our work for you will be added to our invoices where appropriate.

Unless otherwise agreed to the contrary, our fees do not include the costs of any third party, counsel or other professional fees.

[It is our normal practice to issue applications for payment when dealing with continuous or recurring work. The payment terms for applications for payment are the same as for invoiced fees. A VAT invoice will be issued to you upon receipt of your payment.]

[It is our normal practice to ask clients to pay by monthly direct debit and to periodically adjust the monthly payment by reference to actual billings.]

[You authorise us to settle our agreed fees from any money held on your behalf in the client account.]

Where this contract exists between us and a purchaser acting in the course of a business, we reserve the right to charge interest on late-paid invoices at the rate of 8% above the Bank of England base rate under the Late Payment of Commercial Debts (Interest) Act 1998. We also reserve the right to suspend our services or to cease to act for you on giving written notice if payment of any fees is unduly delayed. We intend to exercise these rights only where it is fair and reasonable to do so.

If you do not accept that an invoiced fee is fair and reasonable, you must notify us within 21 days of receipt, failing which you will be deemed to have accepted that payment is due.

On termination of the engagement, you may appoint a new adviser. Where a new adviser requests professional clearance and handover information, we reserve the right to charge you a reasonable fee for the provision of handover information.

12. Implementation

We will only assist with implementation of our advice if specifically instructed and agreed in writing.

13. Intellectual property rights

We will retain all copyright in any document prepared by us during the course of carrying out the engagement save where the law specifically provides otherwise.

14. Interpretation

If any provision of this engagement letter, schedules of services or standard terms and conditions is held to be void, then that provision will be deemed not to form part of this contract and the remainder of this agreement shall be interpreted as if such provision had never been inserted.

In the event of any conflict between these standard terms and conditions and the engagement letter or schedules of services, the relevant provision in the engagement letter or schedules will take precedence.

15. Internal disputes within a client

If we become aware of a dispute between the parties who own or are in some way involved in the ownership and management of a business client, it should be noted that where our client is the business, we would not provide information or services to one party without the express knowledge and permission of all parties. Unless otherwise agreed by all parties, we will continue to supply information to the [registered office/normal place of business] for the attention of the [directors/proprietors]. If conflicting advice, information or instructions are received from different directors/principals in the business, we will refer the matter back to the board of directors/the partnership/the LLP and take no further action until the board/partnership/LLP has agreed the action to be taken.

16. Investment advice (including insurance mediation services)

Investment business is regulated under the Financial Services and Markets Act 2000.

[If not authorised by the Financial Conduct Authority or licensed by a designated professional body]

If, during the provision of professional services to you, you need advice on investments, including insurances, we may have to refer you to someone who is authorised by the Financial Conduct Authority or licensed by a designated professional body as we are not authorised to give such advice.

[If licensed by a designated professional body]

If, during the provision of professional services to you, you need advice on investments, we may have to refer you to someone who is authorised by the Financial Conduct Authority. However, as we are licensed by the [insert name of professional body], we may be able to provide certain investment services that are complementary to, or arise out of, the professional services we are providing to you. Such services may include [specify the nature of any exempt regulated activities the firm undertakes].

17. Lien

Insofar as we are permitted to do so by law or professional guidelines, we reserve the right to exercise a lien over all funds, documents and records in our possession relating to all engagements for you until all outstanding fees and disbursements are paid in full.

18. Limitation of liability

We will provide our services with reasonable care and skill. Our liability to you is limited to losses, damages, costs and expenses directly caused by our negligence, fraud or wilful default.

Exclusion of liability for loss caused by others

We will not be liable if such losses, penalties, interest or additional tax liabilities are caused by the acts or omissions of any other person or due to the provision to us of incomplete, misleading or false information, or if they are caused by a failure to act on our advice or a failure to provide us with relevant information.

In particular, where we refer you to another firm whom you engage with directly, we accept no responsibility in relation to their work and will not be liable for any loss caused by them.

Exclusion of liability in relation to circumstances beyond our control

We will not be liable to you for any delay or failure to perform our obligations under this engagement letter if the delay or failure is caused by circumstances outside our reasonable control.

Exclusion of liability relating to non-disclosure or misrepresentation

We will not be responsible or liable for any loss, damage or expense incurred or sustained if information material to the service we are providing is withheld or concealed from us or misrepresented to us.

This exclusion shall not apply where such misrepresentation, withholding or concealment is or should (in carrying out the procedures that we have agreed to perform with reasonable care and skill) have been evident to us without further enquiry beyond that which it would have been reasonable for us to have carried out in the circumstances.

Indemnity for unauthorised disclosure

You agree to indemnify us and our agents in respect of any claim (including any claim for negligence) arising out of any unauthorised disclosure by you or by any person for whom you are responsible of our advice and opinions, whether in writing or otherwise. This indemnity will extend to the cost of defending any such claim, including payment at our usual rates for the time that we spend in defending it.

[Limitation of aggregate liability]

Where the engagement letter specifies an aggregate limit of liability, then that sum shall be the maximum aggregate liability of this [firm, company or LLP], its [principals, partners, directors or members], agents and employees, to all persons to whom the engagement letter is addressed and also any other person that we have agreed with you may rely on our work.]

You have agreed that you will not bring any claim of a kind that is included within the subject of the limit against any of our [principals] [partners] [directors] [members] or [employees]; on a personal basis.]

19. Limitation of third-party rights

The advice and information we provide to you as part of our service is for your sole use and not for any third party to whom you may communicate it, unless we have expressly agreed in the engagement letter that a specified third party may rely on our work. For the avoidance of doubt, a third party includes a machine-based system or artificial intelligence (AI) system. We accept no responsibility to third parties, including any group company to whom the engagement letter is not addressed, for any advice, information or material produced as part of our work for you that you make available to them. A party to this agreement is the only person who has the right to enforce any of its terms, and no rights or benefits are conferred on any third party under the Contracts (Rights of Third Parties) Act 1999.

20. Period of engagement and termination

Unless otherwise agreed in the engagement letter, our work will begin when we receive your implicit or explicit acceptance of that letter, except as stated in that letter we will not be responsible for periods before that date.

Each of us may terminate this agreement by giving not less than 21 days' notice in writing to the other party, except where you fail to cooperate with us or we have reason to believe that you have provided us or HMRC with misleading information, or we have significant professional concerns in continuing the relationship, in which case we may terminate this agreement immediately. Termination will be without prejudice to any rights that may have accrued to either of us prior to termination.

In the event of termination of this contract, we will endeavour to agree with you the arrangements for the completion of work in progress at that time, unless we are required for legal or regulatory reasons to cease work immediately. In that event, we shall not be required to carry out further work and shall not be responsible or liable for any consequences arising from termination.

If you engage us for a one-off piece of work (for example, advice on a one-off transaction or preparation of a tax return for one year only), the engagement ceases as soon as that work is completed. The date of completion of the work is taken to be the termination date, and we owe you no duties and we will not undertake further work beyond that date.

Where recurring work is provided (for example, ongoing compliance work such as the completion of annual tax returns), the engagement ceases on the relevant date in relation to the termination as set out above. Unless immediate termination applies, in practice this means that the relevant termination date is:

- 21 days after the date of notice of termination; or
- A later agreed date

We owe you no duties beyond the date of termination and will not undertake any further work.

21. Professional body rules

We will observe and act in accordance with the bye-laws, regulations and ethical guidelines of the *[insert name of professional body]* and will accept instructions to act for you on this basis.

You are responsible for bringing to our attention any errors, omissions or inaccuracies in your returns that you become aware of after the returns have been submitted in order that we may assist you to make a voluntary disclosure.

In particular, you give us the authority to correct errors made by HMRC where we become aware of them. In addition, we will not undertake tax planning which breaches Professional Conduct in Relation to Taxation. We will therefore comply with the general anti-abuse rule and the targeted anti-avoidance rule. We will not be liable for any loss, damage or cost arising from our compliance with statutory or regulatory obligations. You can see copies of these requirements at our offices. The requirements are also available online at *[insert relevant professional body web address]*.

The implications of professional body membership as it relates to GDPR are set out in the privacy notice, which should be read alongside these standard terms and conditions of business.

22. Reliance on advice

We will endeavour to record all advice on important matters in writing. Advice given orally is not intended to be relied upon unless confirmed in writing. Therefore, if we provide oral advice (for example, during the course of a meeting or a telephone conversation) and you wish to be able to rely on that advice, you must ask for the advice to be confirmed by us in writing. However, bear in mind that advice is only valid at the date it is given.

23. Retention of papers

You have a legal responsibility to retain documents and records relevant to your tax affairs. During the course of our work we may collect information from you and others relevant to your tax affairs. We will return any original documents to you [\[if requested\]](#).

When we cease to act for you we will seek to agree the position on access to accounting records to ensure continuity of service. This may require you to enter direct engagements with the software providers and pay for that service separately. Documents and records relevant to your tax affairs are required by law to be retained as follows:

Individuals, trustees and partnerships

- with trading or rental income: five years and 10 months after the end of the tax year;
- otherwise: 22 months after the end of the tax year.

Companies, LLPs and other corporate entities

- six years from the end of the accounting period.

While certain documents may legally belong to you, we may destroy correspondence and other papers that we store, electronically or otherwise, which are more than seven years old. This includes your documents if they have not been reclaimed by you within the seven-year period. You must tell us if you require the return of any specific document or their retention for a longer period.

You should retain documents that are sent to you by us as set out in the privacy notice, which should be read alongside these terms and conditions.

24. The Provision of Services Regulations 2009

In accordance with our professional body rules, we are required to hold professional indemnity insurance. Details about the insurer and coverage can be found at our offices or by request from us.

[Practitioners are also referred to further guidance in relation to disengagement included in Professional Rules and Practice Guidelines [CLOT Professional Rules and Practice Guidelines](#) or [ATT Professional Rules and Practice Guidelines](#) on this subject.]

DISENGAGEMENT LETTER WORDING

[The following wording is given as an example. It may not be applicable in every case or be in line with the method of operation of your practice and may, consequently, require addition or amendment.]

ADDRESSEE

To: the Board of Directors of

To: [Mr] [Mrs] [Miss].....

To:Business/client name

Dear.....

1. Purpose

The purpose of this letter is to set out matters connected with [our decision to cease acting as your tax advisers*] [your decision to replace us as your tax advisers*] [with immediate effect] [with effect from 21 days time ddmmyyy] except to the extent provided for under paragraph 3 of this letter.

2. Summary of services provided

During the course of our professional work for you we have provided the following services:

Personal tax*

Sole trader and rental income accounts and associated tax returns*

MTD for Income Tax*

Company accounts*

Trusts and estates*

Common Reporting Standard/Foreign Account Tax Compliance Act*

Partnerships*

Limited liability partnerships*

Companies and associations liable to corporation tax*

Payroll services*

Auto enrolment*

Benefits-in-kind returns and class 1A NIC*

VAT returns*

Voluntary (unprompted) disclosure to HMRC*

HMRC tax investigations*

Specialist tax advisory services*

Verification and registration of overseas entities on the UK register*

Other (*insert any other services provided*)*

* *delete as appropriate*

These services, together with a summary of the respective responsibilities of both you and us relating to them, and the terms of business on which we provided the services, were set out in our letter of engagement to you dated The advice that was provided to you during the course of our professional engagement was for your sole use and did not constitute advice to any third party to whom you might have communicated it. We accept no responsibility to third parties for any aspect of our professional services or work that has been or may be made available to them.

3. Current status report

To ensure that you are fully aware of the current status, including applicable dates by which aspects of these services are normally due, we [set out below]/[attach to this letter] a progress report. This report sets out, by service, information relating to the last completed service cycle, details of progress to date in respect of the current service cycle, and its applicable 'due date'. This report should assist the firm succeeding us as your tax advisers to assume responsibility for this work.

[In view of the due date relating to service we have agreed to continue with our responsibilities in respect of this service alone, and the arrangements as set out in our engagement letter continue to apply to this service until.....[insert end date of service].]

4. Respective responsibilities

With respect to our resignation as your tax advisers, our responsibilities to you, with the exception of the specific matters referred to in paragraph 3 (above), will cease [with immediate effect]/[after 21 days]/[agreed date of []]. You will be solely responsible for identifying another tax adviser to take on these responsibilities or to satisfy the need for the services that we provided in other ways. To assist you and any successor, we have drawn your attention to relevant dates associated with the services provided in paragraph 3 (above).

Our responsibilities, on resignation as tax advisers, include responding to the enquiry of any successor and disclosing, with your consent, any issues or circumstances relevant to their decision to accept or decline appointment. It is also common for practitioners to combine this initial professional enquiry with a request for information and documents relevant to the engagement. We will, unless significant additional work is entailed, be pleased to respond to these enquiries at no additional fee, and would be pleased if you would indicate your agreement to our satisfying these requests by signing and returning to us the authority attached to this letter.

5. Retention of records

During the course of our work we have collected information from you and other parties acting on your behalf. Some of these records and other items of documentation should be retained by you to satisfy your statutory obligations. We will be pleased to return any original documents or documents that legally belong to you on request. We should advise you, however, that if you fail to collect such records within six months of the date of this letter, we may return these documents to your last notified address and/or destroy them without further notice unless other laws or regulations require otherwise.

Our policy on retention of records is set out in the attached privacy notice.[attach your firm's privacy

notice, refer to Appendix Ab and associated guidance notes]

6. Fees

With reference to our fees, we calculate that an amount of £..... plus VAT, as set out on the attached invoice, remains due from you.

[A further fee will be due to us in respect of the additional work set out in paragraph 3 (above) and] if it is necessary to carry out work outside the responsibilities outlined in this letter, we will advise you in advance.]

7. HMRC

We [have informed]/[will inform]/[will inform on completion of the work under paragraph 3] HMRC that we are no longer acting for you and that, until further notice, all correspondence should be sent to you in the event that a new adviser has not been appointed.

8. Confirmation of our agreement

To confirm that you have read and understood the contents of this letter and agree that it accurately reflects your understanding of our disengagement, please sign and return the enclosed duplicate. If it is not returned to us within [21 days] of the date of this letter, we shall proceed as if you had provided such agreement

Yours sincerely

.....Firm name