

801 VAT RETURNS UNDER MAKING TAX DIGITAL FOR VAT

SCHEDULE OF SERVICES

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

VAT RETURN SERVICES – MAKING TAX DIGITAL (MTD) FOR VAT

1.0 RESPONSIBILITIES AND SCOPE FOR VAT RETURN SERVICES

1.1 Initial registration

1.1.1 If specifically requested by you we will register you for MTD for VAT (MTDfV). By instructing us to sign up on your behalf you are agreeing to HMRC's terms of participation. This may result in changes that may include changes to deadlines. You will complete HMRC's sign up process to enable submission of your VAT return.

1.2 Recurring compliance work

1.2.1 If we are engaged to do your bookkeeping (i.e. Schedule "901 Bookkeeping" is listed under Scope of Services on your engagement letter) then we will keep all records to meet the digital record-keeping requirements of MTDfV. You must ensure that the data provided to us is complete and accurate.

Otherwise,

1.2.2 We will check the digital records which you keep to meet the requirements of MTDfV and which you provide to us for the preparation or review of the MTDfV 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 provide us with confirmation that your digital records are complete and accurate.

1.2.3 Based on the information that you provide to us we will tell you how much 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.

1.2.4 Where appropriate we will calculate the partial exemption annual adjustment. This annual adjustment will normally be made in the last quarter of the financial year.

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

1.2.6 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 to HMRC on your behalf if needed, or we can guide you on whom you should contact for this. This may be subject to an additional fee. **See guidance on exemptions and relaxations included in the ICAEW MTD and VAT page and VAT Notice 700/22 for further guidance.**

1.2.7 If you have instructed us to do so, we will submit the MTD for VAT return online to HMRC after the data to be included therein has been approved/on the basis of the data provided by you.

1.2.8 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.

1.3 Ad hoc and advisory services

1.3.1 Where you have instructed us to do so, we will also provide such other taxation ad hoc and advisory services as may be agreed between us from time to time. These may be the subject of a separate engagement letter, at our option. Where appropriate we will discuss and agree an additional fee for this work when it is commissioned by you. 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 a suitable partial exemption method to use in preparing the return;
- dealing with all communications relating to your MTD for VAT returns addressed to us by HMRC or passed to us by you;
- making recommendations to you about the use of cash accounting, annual accounting, flat rate and other suitable methods of accounting for VAT;
- work required to rectify the position where your software is incompatible with our software;
- 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;
- providing you with advice on VAT as and when requested. Where the advice is provided in writing, the information provided and the query raised will be set out with our response to you.

1.3.2 Where specialist advice is required in certain areas we may need to seek this from or refer you to appropriate specialists.

1.4 Changes in the law

1.4.1 We will not accept responsibility if you act on advice given by us on an earlier occasion without first confirming with us that the advice is still valid in the light of any change in the law or your circumstances.

1.4.2 We will accept no liability for losses arising from changes in the law or the interpretation thereof that are first published on or after the date on which the advice is given.

1.5 Your responsibilities

1.5.1 You are legally responsible for:

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

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

- 1.5.2 Legal responsibility for approval of the return cannot be delegated to others. You agree to check the returns that we have prepared for you are correct and complete before approving them.
- 1.5.3 You are no less responsible for errors in unapproved returns, submitted on the basis of the information provided to and processed by us, than if you had confirmed your approval of the returns.
- 1.5.4 Where we are keeping your digital accounts records, you are responsible for providing us with the following information required for us to prepare the records:
- Access to your accounting records
 - Sales invoices
 - Purchase invoices
 - Bank statements
 - Details of bank and cash payments
 - Details of bank and cash receipts
 - Stock and work-in-progress details

We have also agreed that you will provide the following:

- A record of the amounts owed to the business
 - A record of amounts owed by the business
 - A list of accruals
 - A list of prepayments
 - Private use adjustments
- 1.5.5 To enable us to carry out our work you agree:
- a) that all returns are to be made on the basis of full disclosure;
 - b) that you are responsible for ensuring that the information provided is, to the best of your knowledge, accurate and complete. The VAT returns are prepared solely on the basis of the information provided by you and we accept no responsibility for any VAT liabilities arising due to inaccuracies or omissions in the information you provide which may lead to a misdeclaration on which penalties and interest may arise;
 - c) that we can approach such third parties as may be appropriate for information we consider necessary to deal with the VAT returns; and
 - d) to provide us with all the records relevant to the preparation of your VAT returns as soon as possible after the return period ends within any agreed timescale communicated to you. If the records are provided late or are incomplete or unclear thereby delaying the preparation and submission of the VAT return, we accept no responsibility for any "default surcharge" penalty that may arise. Where feasible we may agree to complete your return within a shorter period but may charge an additional fee for doing so.
- 1.5.6 You will keep us informed of material changes in circumstances that could affect your VAT obligations. If you are unsure whether the change is material or not please let us know so that we can assess its significance.
- 1.5.7 You will forward to us HMRC statements of account, copies of notices of assessment, letters and other communications received from HMRC in time to enable us to deal with them as may be necessary within the statutory time limits. Although HMRC have the authority to communicate with us when form 64-8 has been signed and submitted it is essential that you let us have copies of any correspondence received because HMRC are not obliged to send us copies of all communications issued to you.

- 1.5.8 You are responsible for bringing to our attention any errors, omissions or inaccuracies in your VAT returns which you become aware of after the returns have been submitted in order that we may assist you to make a voluntary disclosure.
- 1.5.9 If you are involved with any other business which is not registered for VAT you are responsible for monitoring your monthly turnover to establish whether you are liable to register for VAT and also for considering whether the business should be included with the VAT registered business under the 'artificial separation' rules. 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 of one month following the month in which you exceeded the VAT registration threshold in force at that time. We will not be responsible if you fail to notify us in time and incur a late registration penalty as a result.
- 1.5.10 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 any that you are not completely satisfied with, with HMRC.