

CORPORATION TAX

The purpose of this schedule and the Standard Terms of Business is to set out the basis on which we are to act as accountants and advisors with regard to your corporation tax affairs and to clarify our respective responsibilities in respect of that work.

1 Your responsibilities as directors/officers

1.1 The Directors/Officers, on behalf of the company/society, are legally responsible for:

- (a) ensuring that the company/society tax return (including XBRL tags and iXBRL file), and any other returns submitted, are correct and complete;
- (b) filing any returns by the due date; and
- (c) making payment of tax on time.

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

Legal responsibility for approval of the return cannot be delegated to others. You agree to check that any returns we have prepared for the company/society are accurate and complete before approving them.

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.

1.2 It is mandatory for the company/society tax return to be delivered electronically using the Extensible Business Reporting Language (XBRL) format, a type of computer language. A parent company may be required to file both individual and group financial statements as part of its online company tax return. Unless you have requested otherwise (see **Key Facts**), it is your responsibility to ensure that the financial statements provided to us have been accurately tagged in the iXBRL format.

1.3 To enable us to carry out our work the Directors/Officers agree:

- (a) to provide the approved financial statements of the company/society;
- (b) that all returns are to be made on the basis of full disclosure of all sources of income, charges, allowances and capital transactions;
- (c) to provide full information necessary for dealing with the company/society'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/society's affairs;
- (e) to provide us with information in sufficient time for the company/society's Corporation Tax Self Assessment (CTSA) return to be completed and submitted by the due date specified in **Key Facts** following the end of the tax year. In order that we can do this we need to receive all relevant information by the date specified in **Key Facts**. Where feasible we may agree to complete your return within a shorter period but may charge an additional fee for so doing;
- (f) to provide information on matters affecting the company/society'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; and
- (g) to provide us with information on advances or loans made to directors/officers, shareholders or their associates during an accounting period and any actual or planned repayments or write offs after the accounting period.

- 1.4 The Directors/Officers will keep us informed of material changes in circumstances that could affect the tax liabilities of the company/society. If the Directors/Officers are unsure whether the change is material or not please let us know so that we can assess the significance or otherwise.
- 1.5 HMRC will send you an agent authorisation code which expires within 30 days of issue. Please send this to us as soon as you receive it. This code will enable us to register as your agent with HMRC, and authorises HMRC to communicate with us as your agent, although they consider that you should still take 'reasonable care' over your tax affairs.
- 1.6 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, if relevant through the form 64-8, it is essential that you let us have copies of any correspondence received from HMRC to avoid any breakdown in communication.
- 1.7 You are responsible for monitoring the monthly turnover to establish whether the company is liable to register for VAT, if not already registered. If you do not understand what you need to do, please ask us. If the company turnover exceeds the UK VAT registration threshold and you 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 time limit of one month following the month in which you exceed the VAT registration threshold in force at that time. We will not be responsible if you fail to notify us in time and, as a result, incur a late registration penalty.
- 1.8 In certain circumstances there can be obligations to register for VAT, or similar turnover taxes, in non-UK countries including the Member States of the European Union. While we may, in some circumstances, be able to assist with questions relating to the VAT systems of non-UK countries and would encourage you to ask us for assistance, all advice in relation to non-UK tax systems should be confirmed with an appropriate specialist in that country's rules. We will not be responsible for any failure to comply with the tax rules of a non-UK country.
- 1.9 Until 30 June 2021, if you provide digital services to consumers in the EU, you are responsible either for registering for VAT in that member state, or for registering for the Union or non-Union Mini One Stop Shop (MOSS), as appropriate.

If you supply relevant services or goods to consumers in the EU from 1 July 2021, you are responsible for either registering for VAT in each EU member state where you have a domestic customer, registering to use the Union or non-Union One Stop Shop (OSS), and/or registering for the Import One Stop Shop (IOSS), as appropriate.

- 1.10 You are also responsible for employment taxes, pensions (including auto-enrolment) and the assessment of the tax status of yourself and your workers and any contractors who may be treated as deemed employees under the off-payroll working rules. If you do not understand what you need to consider or what 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.

2 Our responsibilities as accountants

- 2.1 Profit from financial statements prepared under generally accepted accounting principles may require adjustment to arrive at the profit figure assessed for tax. We will prepare the company/society's CTSA, the corporation tax computation with these adjustments, and supporting schedules required, from the financial statements and information and explanations you provide to us.
- 2.2 After obtaining the evidenced approval of the proper director/officer or other person authorised to act for the company/society in this regard, we will submit the return, computation and accounts online to HMRC and, if relevant, Companies House, in the required Extensible Business Reporting Language (XBRL) format, a type of computer language.

Responsibility for the generation of the financial statements, and the production of the iXBRL format of the accounts required by HMRC and Companies House, is stated in **Key Facts**. If we are responsible for tagging the financial statements, we will:

- (a) insert the appropriate iXBRL 'tags' in accordance with the tagging requirements specified by HMRC. In most cases, we will use professional software to undertake the 'tagging' and it is therefore agreed that you authorise us to process all normal/standard data tags without reference to you. However, as stated above it is your legal responsibility to provide the information in iXBRL format, and therefore we will refer to you on any non-standard or judgmental areas.
 - (b) provide you with detailed information in respect of the tagging applied for your approval, if requested.
- 2.3 It is mandatory for the CTSA to be delivered electronically using the iXBRL format, which includes the statutory financial statements. It is the company/society's responsibility to ensure that the financial statements have been accurately tagged, the statutory audit (if relevant) does not provide assurance on this matter.
- 2.4 We will tell you how much tax the company/society should pay and when. If appropriate, we will initiate repayment claims when tax has been overpaid. We will advise on the interest and penalty implications if corporation tax is paid late.
- 2.5 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 which should be made on the basis of information supplied by you by the date agreed.
- 2.6 We will advise you as to possible claims and elections arising from information supplied by you including, where relevant, industry-specific claims for additional deductions and payable tax credits, and claims relating to research and development expenditure. Where instructed by you, we will make such claims and elections in the form and manner required by HMRC. Specialist claims may be the subject of a separate engagement schedule.
- 2.7 Since 2013 a General Anti-Abuse Rule has been in operation in the UK. This rule enables HMRC to further tackle abusive tax planning schemes. Due to the low probability of eventual success of such schemes and the high ethical standards of this firm, it is our policy not to advise on tax schemes that we consider to be artificial or aggressive in nature. Please let us know if you would like to discuss this matter further or if you feel that you are disadvantaged in any way by the firm's policy on tax avoidance.
- 2.8 Where specialist advice is required we may, on occasion, need to seek this from or refer you to appropriate specialists. If required we will seek your permission to engage additional specialists for a fee to be mutually agreed by the additional specialist and the client. We will separately agree any additional fee for our role in this process.
- 2.9 It is our policy to confirm in writing advice upon which the company/society may wish to rely.

Payments under deduction of tax

- 2.10 If applicable, we will complete, using information provided by you, return form CT61 regarding payments made to and by the company under deduction of tax. We will send the form CT61 to you for approval and signature, advising you of the amounts of income tax that are due, and the due date for payment and submission of the form. Who will submit the form CT61 and remittance to HMRC is stated in **Key Facts**. You must inform us immediately if the company pays or receives any interest or similar amounts under deduction of tax.

Personal service companies (IR35)

- 2.11 If relevant, we will advise on whether the company is subject to the personal services legislation on a contract by contract basis. You authorise us to seek an opinion from HMRC where we consider it appropriate. If there are contracts that we consider are within the personal services legislation we will calculate the deemed salary, prepare the corporation tax computations using the prescribed method, prepare and submit the necessary payroll reports for any deemed payments, and advise you how much tax and national insurance to pay and by when, as well as whether to pay any actual salary before the year end and, if so, how much.

Managed service companies

- 2.12 If relevant, we will advise on whether the company is subject to the managed service company legislation. You authorise us to seek an opinion from HMRC where we consider it appropriate. If we deem the legislation to apply we will prepare the corporation tax computations using the prescribed method, prepare and submit the necessary payroll documentation and advise you how much tax and national insurance to pay and by when.
- 2.13 As a firm of accountants, we are not a managed service company provider and are not involved with the company under the terms of the legislation. We will not be made responsible for any unrecovered PAYE debt from the company.

Groups and consortia

- 2.14 If relevant, in relation to groups and consortia of which your company/society is a member, and in respect of which you have instructed us to act, we will provide the following additional services:
- We will advise on the intra-group payment of dividends, interest, royalties and similar liabilities;
 - 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.
 - We will deal with all communications relating to elections addressed to us by HMRC.
 - 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 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.
 - (e) We will advise on arrangements for payment of tax and the surrender and set-off of tax refunds within the group.
 - (f) We will advise on claiming eligible unrelieved foreign tax (EUFT) or the surrender of any amount of EUFT.
 - In respect of intra-group payments of interest:
 - (a) We will advise on withholding tax obligations;
 - (b) For cross-border 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.
 - In respect of intra-group 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.

- Where relevant, we will advise on the application of transfer pricing rules.

2.15 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.

Other tax advice

2.16 We will be pleased to assist the company/society generally in tax matters if you advise us in good time of any proposed transactions and request advice. We would, however, warn you that because tax rules change frequently you must ask us to review any advice already given if a transaction is delayed, or if an apparently similar transaction is to be undertaken.

2.17 The scope of our services provided to you will be only as set out above and all other services which we may offer are excluded. If you instruct us to do so, we will also provide such other taxation ad hoc advisory services as may be agreed from time to time. These may be the subject of a separate engagement letter. We will discuss and agree our fee for such work when it is commissioned by you. Examples of ad hoc work would include:

- advising you on ad hoc transactions (for example the sale or purchase of assets);
- advising you when corporation tax is due on loans by the company/society to directors/officers 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 analyses of, expenditure and detailed capital allowance claims for renovation of buildings;
- preparation and submission of a group allocation allowance statement;
- preparation and submission of a corporate interest restriction return;
- assistance with country-by-country reporting notifications, senior accounting officer reporting obligations, and the company tax strategy document;
- dealing with any enquiry, information request, inspection, compliance check or other intervention opened into the company/society's corporate tax affairs by HMRC;
- advising on ad hoc transactions, preparing additional supplementary pages to your tax return and calculating any related liabilities; and
- preparing any amended returns that may be required, calculating any related tax liabilities and corresponding with HMRC as necessary.

2.18 We will be pleased also to advise the directors/officers and executives on their personal income tax and capital tax affairs. In such cases we will need to agree separate terms with the individuals concerned.