

## LAMBERT CHAPMAN LLP

### TERMS OF ENGAGEMENT: CIS Services

Updated 6 April 2018

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

We are bound by the ethical guidelines of The Institute of Chartered Accountants in England and Wales and accept instructions to act for you on the basis that we will act in accordance with those ethical guidelines.

#### Subcontractor Payments

1. We have agreed to assist you in operating the Construction Scheme (CIS) for subcontractors.
2. You will be responsible for carrying out verification procedures with HM Revenue & Customs for the subcontractors you use. You will provide us with the verification references given to you by HM Revenue & Customs. You will confirm for each subcontractor whether HM Revenue & Customs have advised that payment should be made gross, after standard rate deduction, or after higher rate deduction.
3. We will carry out the verification procedures with HM Revenue & Customs for the subcontractors you use. To enable us to do this you will provide us with the following once a contract has been signed or an invoice received:
  - i) where the subcontractor is a sole trader you will provide their full name, national insurance number and unique tax reference (UTR)
  - ii) where the subcontractor is a partnership you will provide the firm's name and UTR, as well as the individual partner's name, UTR and national insurance number. If the partner is a company you will provide the company's UTR and registration number.
  - iii) where the subcontractor is a limited company you will provide the company's name, UTR and registration number.

**It is important to note that verification procedures must be carried out before any payment can be made to the subcontractor. They can however carry out work prior to verification.**

4. If you receive notice of change from HM Revenue & Customs with regard to a change in deduction status for one of your subcontractors you undertake to forward it to us immediately. We will not be responsible for failure to effect a change where we do not receive the notice in time.
5. We will advise you of the net payment and deduction amounts for each subcontractor. In order for us to do this you will provide us with the following by the 5<sup>th</sup> of each month:
  - a) The amount of gross payment (excluding VAT) due to each subcontractor.
  - b) The amount of own materials cost included within the gross payment. In providing this to us you confirm that you have either obtained direct confirmation from the subcontractor of the amount or you consider the amount not to be excessive.
6. On the basis of the above calculations, we will complete the HM Revenue & Customs monthly returns on your behalf electronically. The monthly returns are due by the 19<sup>th</sup> of each month, even if no subcontractors have been paid since the last return. Failure to meet this deadline will result in financial penalties being levied.

We will provide you with a detailed summary of the declared information and it is your responsibility to inform us without delay if you believe an error has been made. We will then confirm the monthly return as your agent and submit it electronically.
7. We will prepare the monthly written statements of deduction to support the payments, which you will provide to each of your subcontractors by the 19<sup>th</sup> of the month following payment.
8. We will maintain the record of payments as required by HM Revenue & Customs where you provide us with the payment details when made.

9. We will calculate and advise you of the amount of tax deducted from your subcontractors that needs to be paid over to HM Revenue & Customs each month. Note that payments need to reach HM Revenue & Customs by the 19<sup>th</sup> of the month following payment for postal payments and by the 22<sup>nd</sup> where electronic payment methods are used.
10. You will be responsible for confirming the self-employment status of all your subcontractors. We can provide advice on a case by case basis, should you so require.

### **Changes in the law**

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

### **Fees**

13. Our fees are computed on the basis of a fixed tariff dealing with each processing element. Invoices are due for payment 30 days from the date of the invoice.
14. We reserve the right to charge interest on amounts due over 30 days at a rate approximating the cost of borrowing to us.
15. Where fees remain outstanding in excess of 60 days we may cease to provide payroll services with immediate effect.

### **Your responsibilities**

16. You are legally responsible for:
  - a) Ensuring that the data in your CIS submissions is correct and complete;
  - b) Making any submissions by the due date; and
  - c) Making payment of tax and NIC on time.

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

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.

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 CIS 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 agree with us the name[s] of the person[s] authorised by you to notify us of changes in subcontractors and in rates of pay. We will process the changes only if notified by that/those individual[s];
  - d) To notify us at least 5 working days or such other period as agreed with us prior to the CIS filing date of all transactions or events which may need to be reflected in the CIS submission for the period
  - e) To approve CIS Submission at least 2 working days before the due date as agreed with HMRC;
  - f) To authorise us to approach such third parties as may be appropriate for information that we consider necessary to deal with your affairs.
18. You will keep us informed of changes in circumstances that could affect the CIS return. If you are unsure whether the change is material or not please let us know so that we can assess its significance.
19. If the information required to complete the CIS services set out above is received later than the dates specified above or agreed with us we will still endeavour to process the CIS returns to meet the agreed filing deadlines but we will not be liable for any costs or other losses arising if the CIS returns are filed late in these circumstances. We may charge an additional fee of £50 for work carries out in a shorter time period.

## **Ad hoc and advisory work**

20. We will provide ad hoc advisory services relating to CIS as provided below:

- Dealing with any compliance check or enquiry by HMRC into the payroll returns;
- Preparing any amended returns for periods before you report in real time, which may be required, and corresponding with HMRC as necessary;
- Preparing and submitting correcting EPSs for earlier years;
- Preparing and submitting an Earlier Year Update (EYU) to correct, after 19 April, any of the year to date totals submitted in your end of year FPS for a previous tax year, in respect of years after you started to send information in real time.

21. Where specialist advice is required on occasions we may need to seek this from or refer you to appropriate specialists.