

**TERMS OF ENGAGEMENT: Corporation Tax
Updated 29 April 2016**

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 corporation tax affairs 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.

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 is correct and complete;
- (b) ensuring that the information in the return is provided in Extensible Mark-Up (XML) format;
- (c) filing any returns by the due date; and
- (d) making payment of tax on time. Failure to do this may lead to automatic penalties, surcharges and/or interest.

The signatory to the return cannot delegate this legal responsibility to others. The signatory agrees to check that returns we have prepared for the company/society are complete before he/she approves and signs them.

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.

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

- (a) that all returns are to be made on the basis of full disclosure of all sources of income, charges, allowances and capital transactions;
- (b) 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;
- (c) 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;
- (d) to provide us with information in sufficient time for the company/society's Corporation Tax Self-Assessment return to be completed and submitted by the due date of twelve months following the end of the accounting period. In order that we can do this we need to receive all relevant information by six months after the respective year end. Where feasible we may agree to complete your return within a shorter period but may charge an additional fee for so doing;
- (e) 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
- (f) 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.

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- 1.5 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 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.

2 Our responsibilities as accountants

- 2.1 Profit from accounts 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 tax return, the computation with these adjustments and supporting schedules required from the accounts and information and explanations you provide to us.
- 2.2 After obtaining the approval and signature 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 in the required Extensible Business Reporting Language (XBRL) format, a type of computer language
- 2.3 It is mandatory for the Company Tax Return to be delivered electronically using the iXBRL format, which includes the statutory accounts. It is the company/society's responsibility to ensure that the accounts have been accurately tagged, the statutory audit (if relevant) not providing assurance on this matter.
- 2.4 We will advise 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 when additional corporation tax is due on loans by the company/society to directors/officers or shareholders or their associates, and calculate the payments due or the amount repayable when the loans are repaid.
- 2.7 We will advise you as to possible 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.
- 2.8 We will deal with all communications relating to the company's tax return addressed to us by H M Revenue and Customs or passed to us by the company. However, if H M Revenue and Customs choose your return for enquiry this work may need to be the subject of a separate assignment in which case we will seek further instructions from you.
- 2.9 We will help you in preparing the tax provisions and disclosures to be included in the company's statutory accounts.
- 2.10 We will observe the professional rules and practice guidelines of our professional Institute and accept instructions to act for you on the basis that we act in accordance with those guidelines. In particular you give us authority to correct H M Revenue & Customs' errors, even if doing so results in correction of an error made in your favour.

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- 2.11 We will also provide other such taxation advisory and ad hoc services as may be agreed from time to time. These may be the subject of a separate engagement letter. Examples of such work include:
- (a) dealing with any enquiry opened into the company's tax return by HM Revenue & Customs; and
 - (b) preparing any amended returns which may be required and corresponding with HM Revenue & Customs as necessary.

We are able to offer a tax investigation service to cover the cost of our fees arising from H M Revenue and Customs investigations. If you would like further details of this service please let us know.

- 2.12 Since 17 July 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.
- 2.13 Where specialist advice is required on occasions we may need to seek this from or refer you to appropriate specialists.
- 2.14 It is our policy to confirm in writing advice upon which the company/society may wish to rely.

Payments under deduction of tax

- 2.15 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. We will submit the form CT61 and remittance to HMRC. You must inform us immediately if the company pays or receives any interest or similar amounts under deduction of tax.

Personal service companies (IR35)

- 2.16 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 and whether to pay any actual salary before the year end and, if so, how much.

Managed service companies

- 2.17 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.
- 2.18 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.

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Groups and consortia

- 2.19 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:
- Where 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 notices of consent for each surrendering company. We will also make the appropriate claims and surrenders on the company tax return for affected companies.
 - (c) We will adjust corporation tax computations to reflect the surrender and receipt of group and consortium reliefs.
 - (d) We will advise on arrangements for payment of tax and the surrender and set-off of tax refunds within the group.
 - Where relevant, we will advise on the application of transfer pricing rules.
- 2.20 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.
- 2.21 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.