

TERMS OF ENGAGEMENT: Income Tax for Directors and Employees of a Company
Last revised 13 May 2016

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. We will prepare the self assessment tax returns for the Directors and named employees together with such supporting schedules as are appropriate and we will prepare their self-assessment of tax. If relevant we will prepare the income and expenditure accounts for any investment property held by them based on their rental property records and information and explanations provided by them. We will advise them as to the adequacy of their records for this purpose.
2. We will send to the Directors and named employees their tax return and supporting schedules for them to approve and sign, and by signing they will take responsibility for its content. We will then submit it to the HM Revenue & Customs. They authorise us to file the return electronically.
3. We will tell the Directors and named employees how much tax and national insurance contributions they should pay and when. If appropriate we will initiate repayment claims when tax and national insurance contributions have been overpaid. Would you please ensure that no payments are made by them to HM Revenue & Customs without our confirmation that the Statements of Account are correct.
4. We will deal with HM Revenue & Customs regarding any amendments required to the return and prepare any amended returns which may be required.
5. We will advise as to possible claims and elections arising from the tax return and from information supplied by the Directors and named employees. Where instructed by them, we will make such claims and elections in the form and manner required by HM Revenue & Customs.
6. We will deal with all communications relating to the return addressed to us by HM Revenue & Customs or passed to us by the Directors or named employee. However, if HM Revenue & Customs choose the return for enquiry this work may need to be the subject of a separate assignment in which case we will seek further instructions from the individual.
7. We will check PAYE notices of coding where such notices are forwarded to us.
8. We will observe the professional rules and practice guidelines of our professional Institute and accept instructions to act for the Director and the named employees on the basis that we act in accordance with those guidelines. In particular they give us authority to correct H M Revenue & Customs' errors, even if doing so results in correction of an error made in their favour.
9. We are able to offer a tax investigation service to cover the cost of the fees arising from HM Revenue & Customs investigations. If you would like further details of this service please let us know.

Tax credits

1. Tax credits need to be claimed. They are not paid automatically. Furthermore, a claim cannot be backdated by more than three months. Accordingly, even if the income is normally over the threshold it may be sensible to put in a protective claim in case their circumstances change unexpectedly.
2. We can file a claim for the Director or named employee as part of our existing package of tax compliance work for an additional fee of £100 per claim. Please notify in writing if you wish to undertake this service.

Your Responsibilities: Provision of Information by the Directors and named Employees

1. They are legally responsible for making correct returns by the due date and for payment of tax on time. Failure to meet the deadlines may result in automatic penalties, surcharges and/or interest.
2. To enable us to carry out our work they 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 their affairs: we will rely on the information and documents being true, correct and complete and will not audit the information or those documents;
 - c. that we can approach such third parties as may be appropriate for information that we consider necessary to deal with their affairs;
 - d. to provide us with information in sufficient time for the tax return to be completed and submitted by 31st January following the end of the tax year. In order that we can do this, we need to receive all relevant information by 30th November. If they have asked us to submit their self-assessment tax return by 31st October following the end of the tax year so that HM Revenue & Customs calculates their tax liability and notify them of their 31 January

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balancing payment and code out the first £3,000 of any underpayment through the PAYE system they agree to provide us with all relevant information by 31st August; Where information is received in December following the end of the tax year, we have the right to levy a £25 surcharge, if received in January, we have the right to increase the surcharge to £50.

- e. to forward to us on receipt copies of all HM Revenue & Customs statements of account, PAYE coding notices, notices of assessment, letters and other communications received from HM Revenue & Customs to enable us to deal with them as may be necessary within the statutory time limits; and
 - f. to keep us informed about significant changes in their circumstances if they are likely to affect the tax position.
3. We will be pleased to assist them generally in tax matters if they advise us in good time of any proposed transactions and request advice. We would, however, warn them that because tax rules change frequently they must ask us to review any advice already given if a transaction is delayed or if an apparently similar transaction is to be undertaken.

Payment of Fees

- 1. The company agrees that we will charge them for the time spent on the Directors and named employees personal tax affairs. The company should record on the Directors P11D the taxable benefit derived from this arrangement which will be the VAT inclusive fees charged to the company.
- 2. Please note that the payment of our fees will be the responsibility of the company unless we are instructed otherwise.