

TERMS OF BUSINESS - Value Added Tax (VAT)

Last revised 13 May 2016

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

1 Your responsibilities

1.1 You are legally responsible for:

- (a) ensuring that your returns 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, surcharges and/or interest.

Although we will submit the return online as your agent, this does not waive your legal responsibilities.

1.2 You are entirely responsible for the payment of any VAT, including interest, surcharges or other penalties. Where your return is submitted online you are required to make payment by electronic means. We will advise you of the amounts due for payment. However, it is your responsibility to arrange and make payment. Please note that penalties may apply where payments are not made by the due date.

1.3 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 / reviewed 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. We would ordinarily need a minimum of 14 days before submission to complete our work. If the records are provided later or are incomplete or unclear thereby delaying the preparation / review 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 so doing.

1.4 You will keep us informed of material changes in circumstances that could affect the tax liabilities of the business. If you are unsure whether the change is material or not, please let us know so that we can assess the significance or otherwise.

1.5 You will forward to us all relevant HM Revenue & Customs VAT correspondence in time to enable us to deal with matters arising as may be necessary within the statutory time limits. Although HM Revenue & Customs 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 HM Revenue & Customs to avoid any breakdown in communication.

1.6 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.

1.7 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. If you exceed the VAT registration threshold, and wish us to assist you in notifying HM Revenue & Customs of your requirement 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.

LAMBERT CHAPMAN LLP

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- 1.8 IF EC Sales Lists need to be completed, you are responsible for obtaining all your customer's VAT registration numbers in other member states and to check any with which you are not completely satisfied, with HM Revenue & Customs.
- 1.9 Our services are subject to the limitations on our liability set out in our standard terms of business.

2. Our Responsibilities as Accountants

- 2.1 We will prepare / review your VAT returns / Intrastat returns / EC sales lists on the basis of the information and explanations supplied by you.
- 2.2 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.
- 2.3 Where appropriate, we will calculate the partial exemption annual adjustment.
- 2.4 We will forward to you the completed return calculations for you to review, before you approve the VAT return for onward transmission to HM Revenue & Customs.
- 2.5 You authorise us to file the return electronically once we have received your approval of the figures. When we submit the return online we are doing this on your behalf as your agent. We will not submit the return online until we have received confirmation from you that you have reviewed the entries to be made on the online return and that you consider the return to be complete, accurate and ready for online submission.
- 2.6 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.
- 2.7 Where specialist advice is required in certain areas, we may need to seek this from or refer you to appropriate specialists.