

Appendix 5 – Appendix of professional services supplied by SMB Professional Services Ltd

CORPORATION TAX

The purpose of this Appendix is to set out the basis on which we act as your accountants in regard to the preparation of corporation tax returns.

Posting (via journals) of the provisions for corporation tax and any deferred tax into your nominal ledger, and preparing the disclosures required by financial reporting standards in your annual report are addressed by Appendices 3 and 2a.

Where we have been requested to deal with the tax affairs of individual directors, each director will have been issued with a separate engagement letter that deals with their affairs.

We will communicate with the person who has signed the Letter of Engagement in relation to this assignment having agreed with you that they will represent you.

This is a continuing engagement and this Appendix replaces our previous Letter of Engagement

Note: This appendix assumes that the “tax” accounting period is the same as your financial reporting accounting period. This is not always the case, particularly, if you change your financial accounting reference date, or if your business is newly established. In these circumstances we will explain the implications for your company in writing.

1. Your responsibilities

- 1.1 Our appointment does not exonerate you from your legal responsibilities of:
- ensuring that the corporation tax return (which includes corporation tax self-assessment return, corporation tax computations and the company’s financial statements for the period being submitted to HMRC in an Inline eXtensible Business Reporting Language (iXBRL), including, where appropriate, iXBRL tagging) is correct and complete;
 - filing any returns by the due date; and
 - making payment of tax on time.

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

The person approving the return (as noted on the last page of the return) cannot delegate their legal responsibility to others. The person approving the return agrees to check that returns we have prepared to ensure that are accurate and complete before they approve it.

- 1.2 To enable us to carry out our work the you agree:
- that all returns are to be made on the basis of full disclosure;
 - that you are responsible for ensuring that the information provide to us, is to the best of your knowledge, accurate and complete;
 - that we are authorised to approach such third parties as may be appropriate for information that we consider necessary to deal with the company’s corporation tax affairs;
 - to provide us with information in sufficient time for the company's tax return to be completed and submitted by the due date of 12 months following the end of

the tax accounting period. In order that we can do this, we need to receive all relevant information by the latest of 8 months after your balance sheet date.

Where feasible we may agree to complete your return within a shorter period;

- to provide information on matters affecting the company'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
- to provide us with information on advances or loans made to directors, shareholders or their associates during an accounting period and any repayments made or write offs authorised at least within three months of the end of the relevant accounting period.

- 1.3 You will keep us informed of material changes in circumstances that could affect the tax liabilities of the company. If you are unsure whether the change is material or not please let us know so that we can assess its significance.
- 1.4 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 when form 64-8 has been signed and submitted it is essential that you let us have copies of any correspondence received because HMRC are not obliged to send us copies of all communications issued to you.

2. Our responsibilities

- 2.1 We will prepare the corporation tax computation and supporting schedules required for the preparation of the company corporate tax return from the accounts, information and explanations provided to us on your behalf.
- 2.2 We will prepare the company's corporate tax return, using appropriate commercial software to apply XBRL tags to items in the accounts as we consider appropriate for the purposes of submission of the accounts in iXBRL via the Government Gateway for tax purposes. We will, to the extent we consider necessary, manually amend or apply tags if the software has not applied automatic tagging or where we consider any automatic tagging to have been inappropriate. We will provide you with detailed information regarding the tagging applied for your approval.
- 2.3 After obtaining the approval of an authorised nominated director (we will request that they sign the final page of the draft return or specifically instruct us to file the return by e-mail, as the actual corporation tax return submitted is no longer signed) , we will submit the company's corporate tax return to HMRC.
- 2.4 We will tell you how much tax the company should pay and when. Where 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 tax return-related claims and elections arising from information supplied by you. If instructed by you, we will make such claims and elections in the form and manner required by HMRC.
- 2.7 We will deal with all communications relating to the company's tax return addressed to us by HMRC or passed to us by the company. However, if HMRC 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.
- 2.8 TAX GROUP – If your company is part of a “tax group” , we will:
- where instructed to advise on the tax treatment of intra-group payments of dividends, charges and interest;
 - we will advise on the eligibility of companies to make elections in relation to such payments;
 - we will prepare and submit to HMRC elections relating to intra-group payments of dividends, charges and interest;
 - we will deal with all communications relating to elections addressed to us by HMRC; and
 - where instructed, in respect of claims for group and consortium relief:
 - we will advise as required on claims for group and consortium relief and the interaction with other reliefs;
 - we will prepare and submit to HMRC appropriate claims;
 - we will adjust corporation tax computations and returns to reflect the surrender and receipt of group and consortia relief;
 - we will advise on arrangements for payment of tax and the surrender and set-off of tax refunds within the group; and
 - we will advise on claiming eligible unrelieved foreign tax (EUFT) or the surrender of any amount of EUFT.
- 2.9 Where you have instructed us to do so, we will also provide such other taxation advisory and ad-hoc services as may be agreed between you and us from time to time. These may be the subject of a separate appendix to our engagement letter, at our option. Where appropriate, we will discuss and agree an additional fee for such work when it is commissioned by you. Where specialist advice is required on occasions, we may need to seek this from, or refer you to an appropriate specialist.