

Appendix 9 – Appendix of professional services supplied by SMB Professional Services Ltd

VAT

The purpose of this Appendix is to set out the basis on which we act as your accountant in regard to the preparation of VAT returns and your responsibilities. If we undertake bookkeeping services then this work will be covered in a separate appendix.

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

1. Your responsibilities

Our appointment does not exonerate you from your legal responsibilities for:

- ensuring that your returns are accurate and complete;
- filing any returns by the due date; and
- making payment of VAT on time.

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

The person approving the return cannot delegate their legal responsibility to others. The approver agrees to check the returns that we have prepared to ensure that they are accurate and complete before they approve them.

1.2 To enable us to carry out our work you agree:

- that all returns are to be made on the basis of full disclosure;
- 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 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;
- you will keep us informed of material changes in circumstances that could affect your VAT obligations. If you are unsure whether the change is material or not please let us know so that we can assess the significance;
- that we are authorised to approach such third parties as may be appropriate for information that we consider necessary to deal with your VAT affairs; and
- 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 10 working days before submission to complete our work.

1.3 If the records are provided late or are incomplete or unclear thereby delaying the 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.

- 1.4 You will keep us informed of material changes in circumstances that could affect your VAT obligations. If you are unsure whether the change is material or not please let us know so that we can assess its significance.
- 1.5 CASH BASIS - You have advised us that you are accounting for VAT on a cash basis. Though it is your responsibility to determine whether this is appropriate for your business, we will help you determine if this is a good idea.
- 1.6 You will forward to us HMRC statements of account, copies of notices of assessment, letters and other communications received from HMRC on a timely basis 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.
- 1.7 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.
- 1.8 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 do not understand what you need to do please ask us. If you exceed the VAT registration threshold, and wish us to assist you in notifying HMR&C of your liability 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. The same applies to equivalent non-UK taxes.
- 1.9 EC SALES LISTS/INTRASTATE RETURNS - you are responsible for obtaining all of your customers' VAT registration numbers in other member states and to check with HMRC any that you are not completely satisfied with. The **online** filing deadline for EC sales lists and Intrastate returns is twenty-one days after the end of the calendar reporting period, which is not necessarily the VAT accounting period.
- 1.10 When your VAT return calculations need to be uploaded to HMRC to comply with the Making Tax Digital (MTD) regulations, you must ensure that you use functionally compatible software and/or spreadsheets that are digitally linked to the accounts software and which can be submitted to HMRC via an application programme interface (API). If you require us to upload your VAT return calculations in accordance with the MTD requirements, you must provide us with all the necessary digital links to submit all the transaction records that are required by HMRC, together with confirmation that your digital records are complete and accurate. If your books and records are kept in Quickbooks Online, we will check that the uploading and filing system is working and will let you know of any problems which may arise.

2. Our responsibilities

2.1 We will prepare your:

- VAT returns;
- EC sales lists;
- Intrastat returns if required

On the basis of the information and explanations supplied by you.

- 2.2 We will tell you how much VAT you should pay and when. If appropriate we will initiate repayment claims where VAT has been overpaid. We will advise on the interest and penalty implications where VAT is paid late.
- 2.3 We will calculate any partial exemption annual adjustment. This annual adjustment will normally be made in the first quarter ending in each new Calendar Year as appropriate.
- 2.4 We will calculate any annual capital goods scheme adjustment and make the adjustment in the relevant quarter.
- 2.5 We will forward to you the completed return calculations for you to review, before you approve the VAT return for onward transmission by us to HMRC.
- 2.6 As you are accruals accounting for VAT, we will perform an annual reconciliation of VAT outputs to turnover.
- 2.7 We will deal with all communications relating to your VAT return addressed to us by HMRC or passed to us by you. 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 Where you have instructed us to do so, we will provide other VAT advisory and ad-hoc VAT services. These services will be documented in a separate appendix to our engagement letter. We will discuss and agree an additional fee for such work. If specialist advice is required, we may need to seek this from, or refer you to an appropriate VAT specialist.