Engagement letters for
tax practitioners

Supplementary guidance –

Updated VAT Schedules for use from 1st January 2021 following the end of the transition period on departure from the EU

**This is a living document and we will update it as our understanding of legislation in relation to VAT develops.**

**Last updated 1 March 2021**

* The CIOT do not provide any assurance that these sample schedules will be suitable for your particular needs or those with whom you deal and none of the professional bodies involved in its preparation will be liable on any basis for the consequences of your use of them.
* Guidance on VAT is changing rapidly following the end of the transition period and these schedules should be reviewed based on the guidance at the time you are issuing the engagement terms to your client.
* It is recommended that you obtain legal advice if you are unsure of the meaning of any of the terms, conditions or clauses in these schedules.
* The schedules have not been reviewed by legal counsel and template documents cannot and should not be taken as a substitute for appropriate legal advice.
* We would advise that members also have reference to the main engagement letter guidance.

A document by a collaborative working party with ATT, CIOT (including former IIT), ACCA, AAT and STEP

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# Guidance on VAT schedules to the engagement letter

## Foreword

**This guidance is issued only for use by members of the Chartered Institute of Taxation, the Association of Taxation Technicians, the Association of Chartered Certified Accountants, the Association of Accounting Technicians and STEP. It may not be relied on or published by any other body for any other purpose without the prior written permission of the joint working party, which is made up of representatives from these professional bodies.**

## Introduction

1. The attached VAT Schedules replace the ones included in Engagement letters for
tax practitioners issued on 2 May 2018 (Updated for a limited number of technical points 27th April 2020) and are available for immediate use.
2. There are a number of technical changes in the VAT regime as a result of the end of the transition period and legislation continues to be issued. The attached schedules are based on the law applying on the date of issue but members must refer to current technical guidance when issuing the schedules and ensure they are tailored to meet the technical and client requirements at that date.
3. Note that the schedules provided do not cover the requirements if a Great Britain (ie excluding Northern Ireland) business has goods going from Northern Ireland (NI). As a result, a GB business with a base in NI which exports goods from NI would require a different version of the schedules.
4. VAT Moss will include distance selling of goods from NI to EU from 1 July 2021 so as we approach that date the letters may need to be adjusted. We are keeping this under review.
5. This guidance does not cover registration or VAT liability issues where clients provide supplies in other EU member states.
6. This guidance does not cover the position where clients are supplying services from the UK that come under [use and enjoyment rules](https://www.gov.uk/guidance/vat-place-of-supply-of-services-notice-741a#sec13)[[1]](#footnote-1) and are effectively used and enjoyed outside the UK.

Appendix B10a

*[Name of practice]*

### **SCHEDULE OF SERVICES – Businesses established in Great Britain (where no XI number required and where requirements for MTD for VAT apply)**

This schedule should be read in conjunction with the engagement letter and the standard terms and conditions.

**MAKING TAX DIgital for VAT (MTDfV)**

**Initial registration**

1. [We will register you for MTD for VAT (MTDfV). By instructing us to sign up on your behalf you are agreeing to HMRC’s terms of participation. This may result in certain changes that may include changes to deadlines. You will need to complete HMRC’s sign-up process to enable submission of your tax return]. Or

[We will register you for VAT which includes MTD for VAT (MTDfV). By instructing us to sign up on your behalf you are agreeing to HMRC’s terms of participation. This may result in certain changes that may include changes to deadlines. You will need to complete HMRC’s sign-up process to enable submission of your tax return]. Or

[You have confirmed that you are already registered for MTD for VAT and no assistance is required from us in dealing with registration requirements].

**Recurring compliance work**

1. We will prepare your MTD for VAT (MTDfV) returns on a [monthly/quarterly/annual] basis. The first such return to be prepared by us will be the return for the period ending [date].
2. [We will keep all records to meet the digital record-keeping requirements of MTDfV. You must ensure that the data provided to us is complete and accurate.]

Or

[We [will]/[will not] check the digital records which you keep to meet the requirements of MTDfV and which you provide to us for preparation of the MTDfV returns. You may be required to provide us with your data digitally and we will tell you if/when that is the case. If your software is incompatible with ours we will agree with you an appropriate solution which might include the use of alternative third-party functionally compatible software and/or a spreadsheet(s) which satisfy the statutory requirement for digital linkage. Where your digital records are incompatible with our software we may require an additional fee. You must also provide us with confirmation that your digital records are complete and accurate.]

1. Based on the information that you provide to us, we will tell you how much VAT 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. [where appropriate we will include import vat from any digital import certificates (postponed VAT accounting) and/or C79s we receive from you].
3. Where appropriate, we will calculate the partial exemption annual adjustment. [This annual adjustment will normally be made in the quarter ending [date] as the tax year for partial exemption purposes ends on [date].]
4. Where appropriate, we will calculate the annual Capital Goods Scheme adjustment. [The adjustment will normally be made in the quarter ending [date] as the interval end date is [date].
5. We are not responsible for considering or applying for any of the exemptions from MTDfV. However, if you feel that you are eligible for exemption, please let us know. We are happy to discuss this and may correspond to HMRC on your behalf if needed, or we can guide you on whom you should contact for this.
6. We will advise you of any relaxations applicable in relation to the digital records for supplies made and received. Where the requirements are impossible, impractical or unduly onerous we will seek to reach agreement with HMRC on a specific relaxation, but this may be subject to an additional fee.
7. We will submit your MTDfV return data online to HMRC [after the data to be included therein has been approved/on the basis of the data provided] [*delete as appropriate*], by you
8. [We will agree with you any supplementary information to be submitted on a voluntary basis with the MTDfV returns prior to submission.]
9. [Where you are invoice (accruals) accounting for income tax, we will perform an annual reconciliation of VAT outputs to accounting turnover.]
10. [Ad hoc queries by way of telephone and email enquiries are not routine compliance and may result in additional fees. As indicated below, where appropriate we will aim to discuss and agree additional fees but it may not always be possible to agree these in advance and we reserve the right to charge you an additional fee for these queries.]

**Ad hoc and advisory services**

1. Where you have instructed us to do so, we will provide such other taxation ad hoc and advisory services as may be agreed between us from time to time. These services will be subject to the terms of this engagement letter and standard terms and conditions of business unless we decide to issue a separate engagement letter. An additional fee may be charged for these services. Examples of such work include:
* advising on ad hoc transactions and queries (including telephone conversations), preparing and submitting information in the relevant format to HMRC and calculating any related tax liabilities
* reviewing and advising on a suitable partial exemption method to use in preparing the return
* dealing with all communications relating to your MTDfV returns [Intrastat arrival returns until 31 December 2021/ non-union scheme MOSS returns] addressed to us by HMRC or passed to us by you
* processing import and export declarations including deferred import entries that require postponed VAT accounting (at present we assume that these will be handled by you or your customs agent)
* making recommendations to you about the use of cash accounting, annual accounting, flat rate and other suitable methods of accounting for VAT
* making recommendations to you about the use of the VAT Mini One Stop Shop (MOSS) non-union scheme if you supply digital services to consumers in the EU
* making recommendations to you about the use of the VAT One Stop Shop (OSS) non-union scheme and/or the VAT Import One Stop Shop (IOSS) with effect from 1 July 2021 if you supply relevant services or goods to consumers in the EU
* advice on the VAT liability for consumers outside the UK
* providing you with advice on VAT [excise duty/customs duty/landfill tax/insurance premium tax/aggregates levy/climate change levy] as and when requested
* advising on time to pay arrangements or deferral of payment
* work required to rectify the position where your software is incompatible with our software
* reviewing your record keeping processes and providing advice on potential improvements to enable compliance with the MTDfV requirements, including digital links for the transfer of data between different software

Where the advice is provided in writing, the information provided and the query raised will be set out with our response to you.

1. Where specialist advice is required in certain areas, we may need to seek this from or refer you to appropriate specialists. We will only do this when instructed by you.

Changes in the law or practice or in public policy

1. We will not accept responsibility if you act on advice given by us on an earlier occasion without first confirming with us that the advice is still valid in the light of any change in the law or practice or in public policy or your circumstances.
2. We will accept no liability for losses arising from changes in the law or practice or in public policy that are first published after the date on which the advice is given.

**Your responsibilities**

1. You are legally responsible for:
	1. ensuring that your returns are correct and complete [and in an appropriate digital format and capture the appropriate level of data]
	2. [ensuring your record keeping system is compliant with the new requirements for the digital recording [and transfer of] data]
	3. filing any returns by the due date
	4. making payment of VAT on time

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

1. You cannot delegate this legal responsibility to others. [You agree to check that returns that we have prepared for you are complete before approving them.]
2. [Where we are keeping your digital records, you are responsible for providing us with the following information required for us to prepare the return:
	1. sales invoices
	2. purchase invoices
	3. digital import certificates (you are responsible for downloading and storing these certificates)
	4. bank statements
	5. details of bank and cash payments
	6. details of bank and cash receipts
	7. work-in-progress details
	8. access to your accounting records.

We have also agreed that you will provide the following:

1. a record of the amounts owed to the business
2. a record of amounts owed by the business
3. a list of accruals
4. a list of prepayments
5. private use adjustments].
6. To enable us to carry out our work you agree:
7. that all returns are to be made on the basis of full disclosure
8. that you are responsible for ensuring that the information provided is, to the best of your knowledge, accurate and complete and that all digital links are in the manner proscribed. The returns are prepared solely on the basis of the information provided by you and we accept no responsibility for any liabilities arising due to inaccuracies, omissions or breakdowns in digital links concerning the information you provide, that may lead to a misdeclaration on which penalties and interest may arise
9. to authorise us to approach such third parties as may be appropriate for information we consider necessary to deal with the returns
10. to provide us with all the records relevant to the preparation of your [monthly/quarterly/annual] returns as soon as possible after the return period ends. We would ordinarily need a minimum of [ ] days before submission to complete our work. If the records are provided later or are incomplete or unclear, thereby delaying the preparation and submission of the return, we accept no responsibility for any penalty that may arise. Where feasible, we may agree to complete your return within a shorter period but may charge an additional fee of [ ] for so doing
11. to inform us that you have made the tax payment based on your calculated return
12. You will keep us informed of material changes in circumstances that could affect your obligations, for example:
	* change in the nature of your business
	* change in turnover
	* change of type of supply for VAT
	* change in your type of business entity such as from sole trader into partnership
	* acquisition or disposal of land or property etc
	* starting to make supplies that are exempt from VAT
	* transactions within Northern Ireland that require you to obtain an XI EORI number
	* transactions transported via Northern Ireland to an EU member state
	* you have reclaimed VAT within the last 10 years, having spent over £250,000 in purchasing, building or redeveloping a property, and the extent to which it is being used for taxable and/or exempt purposes has changed since you first reclaimed the VAT (ie Capital Goods Scheme adjustments will apply to this or any other items that fall within the scope of the Capital Goods Scheme)
13. Where you wish us to deal with HMRC communications, you will forward to us all communications received from HMRC such as statements of account, copies of notices of assessment and letters. These must be provided in time to enable us to deal with them as may be necessary within the statutory time limits. It is essential that you let us have copies of any correspondence received because HMRC is not obliged to send us copies of all communications issued to you.
14. You are responsible for bringing to our attention any errors, omissions or inaccuracies in your returns that you become aware of after the returns have been submitted in order that we may assist you to make a voluntary disclosure.
15. [(a)] If you provide digital services to consumers in the EU you are responsible for either registering for VAT in that member state or registering for the OSS non-union scheme in a Member State.

(aa) With effect from 1 July 2021, if you provide relevant services or goods to consumers in the EU you are responsible for either registering for VAT in that member state or registering for the OSS and/or IOSS non-union scheme in a Member State.

(b) [If you are involved with any other business that 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 HMRC 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.]

1. **Our services as detailed above are subject to the limitations on our liability set out in the engagement letter and in paragraph 18 of our standard terms and conditions of business. These are important provisions which you should read and consider carefully.**

*[Date:*

 *Name of practice:]*

Appendix B10b

*[Name of practice]*

### **SCHEDULE OF SERVICES – Businesses established in Great Britain (where no XI number required and where MTD for VAT does not apply)**

This schedule should be read in conjunction with the engagement letter and the standard terms and conditions.

**VAT returns**

**Recurring compliance work**

1. We will [prepare/review] your [monthly/quarterly/annual] VAT returns [Intrastat arrival returns/non-union MOSS returns] on the basis of the information and explanations supplied by you. The first such return to be [prepared/reviewed] by us will be the return for the period ending [date].
2. Based on the information that you provide to us, 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.
3. [where appropriate we will include import vat from any digital import certificates (postponed VAT accounting) and/or C79s we receive from you].
4. Where appropriate, we will calculate the partial exemption annual adjustment. [This annual adjustment will normally be made in the quarter ending [date] as the tax year for partial exemption purposes ends on [date].]
5. Where appropriate, we will calculate the annual Capital Goods Scheme adjustment. [The adjustment will normally be made in the quarter ending [date] as the interval end date is [date].]
6. We will forward to you the completed return calculations for you to review before you provide written evidence of your approval, for onward transmission by [you/us] to HMRC.
7. [Where you are invoice (accruals) accounting for income tax, we will perform an annual reconciliation of VAT outputs to turnover.]
8. [Ad hoc queries by way of telephone and email enquiries are not routine compliance and may result in additional fees. As indicated below, where appropriate we will aim to discuss and agree additional fees, but it may not always be possible to agree these in advance and we reserve the right to charge you an additional fee for these queries.]

**Ad hoc and advisory services**

1. Where you have instructed us to do so, we will provide such other taxation ad hoc and advisory services as may be agreed between us from time to time. These services will be subject to the terms of this engagement letter and standard terms and conditions of business unless we decide to issue a separate engagement letter. An additional fee may be charged for these services. Examples of such work include:
* advising on ad hoc transactions and queries (including telephone conversations), preparing and submitting information in the relevant format to HMRC and calculating any related tax liabilities
* reviewing and advising on a suitable partial exemption method to use in preparing the return
* dealing with all communications relating to your VAT returns [Intrastat arrival returns until 31 December 2021/non-union scheme MOSS returns] addressed to us by HMRC or passed to us by you
* processing import and export declarations including deferred import entries that require postponed VAT accounting (at present we assume that these will be handled by you or your customs agent)
* making recommendations to you about the use of cash accounting, annual accounting, flat rate and other suitable methods of accounting for VAT
* making recommendations to you about the use of non-union scheme VAT Mini One Stop Shop (MOSS) if you supply digital services to consumers in the EU
* making recommendations to you about the use of the VAT One Stop Shop (OSS) non-union scheme and/or the VAT Import One Stop Shop (IOSS) with effect from 1 July 2021 if you supply relevant services or goods to consumers in the EU
* advice on the VAT liability for consumers outside the UK
* providing you with advice on VAT [excise duty/customs duty/landfill tax/insurance premium tax/aggregates levy/climate change levy] as and when requested
* advising on time to pay arrangements or deferral of payment

Where the advice is provided in writing, the information provided and the query raised will be set out with our response to you.

1. Where specialist advice is required in certain areas, we may need to seek this from or refer you to appropriate specialists. We will only do this when instructed by you.

Changes in the law or practice or in public policy

1. We will not accept responsibility if you act on advice given by us on an earlier occasion without first confirming with us that the advice is still valid in the light of any change in the law or practice or in public policy or your circumstances.
2. We will accept no liability for losses arising from changes in the law or practice or in public policy that are first published after the date on which the advice is given.

**Your responsibilities**

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 VAT on time.

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

1. Legal responsibility for approval of the return cannot be delegated to others. You agree to check that returns that we have prepared for you are complete before approving them.
2. To enable us to carry out our work you agree:
3. that all returns are to be made on the basis of full disclosure
4. that you are responsible for ensuring that the information provided is, to the best of your knowledge, accurate and complete. The returns are [prepared/reviewed] solely on the basis of the information provided by you and we accept no responsibility for any 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
5. to authorise us to approach such third parties as may be appropriate for information we consider necessary to deal with the returns
6. to provide us with all the records relevant to the preparation of your [monthly/quarterly] returns as soon as possible after the return period ends. We would ordinarily need a minimum of [ ] 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 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 of [ ] for so doing
7. to inform us that you have made the tax payment based on your calculated return
8. You will keep us informed of material changes in circumstances that could affect your obligations, eg
* change in the nature of your business
* change in turnover

* change of type of supply for VAT
* change in your type of business entity such as from sole trader into partnership
* acquisition or disposal of land or property etc
* starting to make supplies which are exempt from VAT
* you have reclaimed VAT within the last 10 years, having spent over £250,000 in purchasing, building or redeveloping a property, and the extent to which it is being used for taxable and/or exempt purposes has changed since you first reclaimed the VAT (ie Capital Goods Scheme adjustments will apply)
* transactions within Northern Ireland that require you to obtain an XI EORI number
* transactions transported via Northern Ireland to an EU member state
1. Where you wish us to deal with HMRC communications you will forward to us all communications received from HMRC such as statements of account, copies of notices of assessment and letters. These must be provided in time to enable us to deal with them as may be necessary within the statutory time limits. It is essential that you let us have copies of any correspondence received because HMRC is not obliged to send us copies of all communications issued to you.
2. You are responsible for bringing to our attention any errors, omissions or inaccuracies in your returns that you become aware of after the returns have been submitted in order that we may assist you to make a voluntary disclosure.
3. (a) If you provide digital services to consumers in the EU you are responsible for either registering for VAT in that member state or registering in a Member State for the OSS non-union scheme in a Member State.

(aa) With effect from 1 July 2021, if you provide relevant services or goods to consumers in the EU you are responsible for either registering for VAT in that member state or registering for the OSS and/or IOSS non-union scheme in a Member State.

(b) [If you are involved with any other business that 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 HMRC of your liability to be VAT registered, we will be pleased to assist you in the VAT registration process. You should notify us of your instructions to assist in your VAT registration in good time to enable a VAT registration form to be submitted within the 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.

1. **Our services as detailed above are subject to the limitations on our liability set out in the engagement letter and in paragraph 18 of our standard terms and conditions of business. These are important provisions which you should read and consider carefully.**

*[Date:*

 *Name of practice:]*

Appendix B10c

*[Name of practice]*

**SCHEDULE OF SERVICES – Businesses established in Northern Ireland and where requirements for MTD for VAT apply)**

This schedule should be read in conjunction with the engagement letter and the standard terms and conditions.

**MAKING TAX DIgital for VAT (MTDfV)**

**Initial registration**

1. [We will register you for MTD for VAT (MTDfV). By instructing us to sign up on your behalf you are agreeing to HMRC’s terms of participation. This may result in certain changes that may include changes to deadlines. You will need to complete HMRC’s sign-up process to enable submission of your tax return]. Or

[We will register you for VAT which includes MTD for VAT (MTDfV). By instructing us to sign up on your behalf you are agreeing to HMRC’s terms of participation. This may result in certain changes that may include changes to deadlines. You will need to complete HMRC’s sign-up process to enable submission of your tax return]. Or

[You have confirmed that you are already registered for MTD for VAT and no assistance is required from us in dealing with registration requirements].

**Recurring compliance work**

1. We will prepare your MTD for VAT (MTDfV) returns on a [monthly/quarterly/annual] basis. The first such return to be prepared by us will be the return for the period ending [date].
2. [We will keep all records to meet the digital record-keeping requirements of MTDfV. You must ensure that the data provided to us is complete and accurate.]

Or

[We [will]/[will not] check the digital records which you keep to meet the requirements of MTDfV and which you provide to us for preparation of the MTDfV returns. You may be required to provide us with your data digitally and we will tell you if/when that is the case. If your software is incompatible with ours we will agree with you an appropriate solution which might include the use of alternative third-party functionally compatible software and/or a spreadsheet(s) which satisfy the statutory requirement for digital linkage. Where your digital records are incompatible with our software we may require an additional fee. You must also provide us with confirmation that your digital records are complete and accurate.]

1. Based on the information that you provide to us, we will tell you how much VAT 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. Where appropriate, we will calculate the partial exemption annual adjustment. [This annual adjustment will normally be made in the quarter ending [date] as the tax year for partial exemption purposes ends on [date].]
3. Where appropriate, we will calculate the annual Capital Goods Scheme adjustment. [The adjustment will normally be made in the quarter ending [date] as the interval end date is [date].
4. We are not responsible for considering or applying for any of the exemptions from MTDfV. However, if you feel that you are eligible for exemption, please let us know. We are happy to discuss this and may correspond to HMRC on your behalf if needed, or we can guide you on whom you should contact for this.
5. We will advise you of any relaxations applicable in relation to the digital records for supplies made and received. Where the requirements are impossible, impractical or unduly onerous we will seek to reach agreement with HMRC on a specific relaxation, but this may be subject to an additional fee.
6. We will submit your MTDfV return data online to HMRC [after the data to be included therein has been approved/on the basis of the data provided] [*delete as appropriate*], by you
7. [We will agree with you any supplementary information to be submitted on a voluntary basis with the MTDfV returns prior to submission.]
8. [Where you are invoice (accruals) accounting for income tax, we will perform an annual reconciliation of VAT outputs to accounting turnover.]
9. [Ad hoc queries by way of telephone and email enquiries are not routine compliance and may result in additional fees. As indicated below, where appropriate we will aim to discuss and agree additional fees but it may not always be possible to agree these in advance and we reserve the right to charge you an additional fee for these queries.]

**Ad hoc and advisory services**

1. Where you have instructed us to do so, we will provide such other taxation ad hoc and advisory services as may be agreed between us from time to time. These services will be subject to the terms of this engagement letter and standard terms and conditions of business unless we decide to issue a separate engagement letter. An additional fee may be charged for these services. Examples of such work include:
* advising on ad hoc transactions and queries (including telephone conversations), preparing and submitting information in the relevant format to HMRC and calculating any related tax liabilities
* reviewing and advising on a suitable partial exemption method to use in preparing the return
* dealing with all communications relating to your MTDfV returns [Intrastat returns/ EC sales list returns/non-union VAT MOSS returns] addressed to us by HMRC or passed to us by you. This will not include processing import and export declarations, which will be handled by you or your customs agent
* making recommendations to you about the use of cash accounting, annual accounting, flat rate and other suitable methods of accounting for VAT
* making recommendations to you about the use of the non-union VAT Mini One Stop Shop (MOSS) if you supply digital services to consumers in the EU
* making recommendations to you about the use of the VAT One Stop Shop (OSS) non-union scheme and/or the VAT Import One Stop Shop (IOSS) with effect from 1 July 2021 if you supply relevant services or goods to consumers in the EU
* providing you with advice on VAT [excise duty/customs duty/landfill tax/insurance premium tax/aggregates levy/climate change levy] as and when requested
* advising on time to pay arrangements or deferral of payment
* work required to rectify the position where your software is incompatible with our software
* reviewing your record keeping processes and providing advice on potential improvements to enable compliance with the MTDfV requirements, including digital links for the transfer of data between different software

Where the advice is provided in writing, the information provided and the query raised will be set out with our response to you.

1. Where specialist advice is required in certain areas, we may need to seek this from or refer you to appropriate specialists. We will only do this when instructed by you.

**Changes in the law or practice or in public policy**

1. We will not accept responsibility if you act on advice given by us on an earlier occasion without first confirming with us that the advice is still valid in the light of any change in the law or practice or in public policy or your circumstances.
2. We will accept no liability for losses arising from changes in the law or practice or in public policy that are first published after the date on which the advice is given.

**Your responsibilities**

1. You are legally responsible for:
	1. ensuring that your returns are correct and complete [and in an appropriate digital format and capture the appropriate level of data]
	2. [ensuring your record keeping system is compliant with the new requirements for the digital recording [and transfer of] data]
	3. filing any returns by the due date
	4. making payment of VAT on time

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

1. You cannot delegate this legal responsibility to others. [You agree to check that returns that we have prepared for you are complete before approving them.]
2. [Where we are keeping your digital records, you are responsible for providing us with the following information required for us to prepare the return:
	1. sales invoices
	2. purchase invoices
	3. digital import certificates (you are responsible for downloading and storing these certificates)
	4. bank statements
	5. details of bank and cash payments
	6. details of bank and cash receipts
	7. work-in-progress details
	8. access to your accounting records.

We have also agreed that you will provide the following:

1. a record of the amounts owed to the business
2. a record of amounts owed by the business
3. a list of accruals
4. a list of prepayments
5. private use adjustments].
6. To enable us to carry out our work you agree:
7. that all returns are to be made on the basis of full disclosure
8. that you are responsible for ensuring that the information provided is, to the best of your knowledge, accurate and complete and that all digital links are in the manner proscribed. The returns are prepared solely on the basis of the information provided by you and we accept no responsibility for any liabilities arising due to inaccuracies, omissions or breakdowns in digital links concerning the information you provide, that may lead to a misdeclaration on which penalties and interest may arise
9. to authorise us to approach such third parties as may be appropriate for information we consider necessary to deal with the returns
10. to provide us with all the records relevant to the preparation of your [monthly/quarterly/annual] returns as soon as possible after the return period ends. We would ordinarily need a minimum of [ ] days before submission to complete our work. If the records are provided later or are incomplete or unclear, thereby delaying the preparation and submission of the return, we accept no responsibility for any penalty that may arise. Where feasible, we may agree to complete your return within a shorter period but may charge an additional fee of [ ] for so doing
11. to inform us that you have made the tax payment based on your calculated return
12. You will keep us informed of material changes in circumstances that could affect your obligations, for example:
	* change in the nature of your business
	* change in turnover
	* change of type of supply for VAT
	* change in your type of business entity such as from sole trader into partnership
	* acquisition or disposal of land or property etc
	* starting to make supplies that are exempt from VAT
	* you have reclaimed VAT within the last 10 years, having spent over £250,000 in purchasing, building or redeveloping a property, and the extent to which it is being used for taxable and/or exempt purposes has changed since you first reclaimed the VAT (ie Capital Goods Scheme adjustments will apply to this or any other items that fall within the scope of the Capital Goods Scheme).
13. Where you wish us to deal with HMRC communications, you will forward to us all communications received from HMRC such as statements of account, copies of notices of assessment and letters. These must be provided in time to enable us to deal with them as may be necessary within the statutory time limits. It is essential that you let us have copies of any correspondence received because HMRC is not obliged to send us copies of all communications issued to you.
14. You are responsible for bringing to our attention any errors, omissions or inaccuracies in your returns that you become aware of after the returns have been submitted in order that we may assist you to make a voluntary disclosure.
15. [(a)] If you provide digital services to consumers in the EU you are responsible for either registering for VAT in that member state or registering for the OSS non-union scheme in a Member State.

(aa) With effect from 1 July 2021, if you provide relevant services or goods to consumers in the EU you are responsible for either registering for VAT in that member state or registering for the OSS and/or IOSS non-union scheme in a Member State

(b) [If you are involved with any other business that 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 HMRC 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.]

1. If EC Sales Lists need to be completed 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.
2. **Our services as detailed above are subject to the limitations on our liability set out in the engagement letter and in paragraph 18 of our standard terms and conditions of business. These are important provisions which you should read and consider carefully.**

*[Date:*

 *Name of practice:]*

Appendix B10d

*[Name of practice]*

### **SCHEDULE OF SERVICES – Businesses established in Northern Ireland and where MTD for VAT does not apply)**

This schedule should be read in conjunction with the engagement letter and the standard terms and conditions.

**VAT returns**

**Recurring compliance work**

1. We will [prepare/review] your [monthly/quarterly/annual] VAT returns [Intrastat returns/EC sales lists/non-union VAT MOSS returns] on the basis of the information and explanations supplied by you. The first such return to be [prepared/reviewed] by us will be the return for the period ending [date].
2. Based on the information that you provide to us, 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.
3. Where appropriate, we will calculate the partial exemption annual adjustment. [This annual adjustment will normally be made in the quarter ending [date] as the tax year for partial exemption purposes ends on [date].]
4. Where appropriate, we will calculate the annual Capital Goods Scheme adjustment. [The adjustment will normally be made in the quarter ending [date] as the interval end date is [date].]
5. We will forward to you the completed return calculations for you to review before you provide written evidence of your approval, for onward transmission by [you/us] to HMRC.
6. [Where you are invoice (accruals) accounting for income tax, we will perform an annual reconciliation of VAT outputs to turnover.]
7. [Ad hoc queries by way of telephone and email enquiries are not routine compliance and may result in additional fees. As indicated below, where appropriate we will aim to discuss and agree additional fees, but it may not always be possible to agree these in advance and we reserve the right to charge you an additional fee for these queries.]

**Ad hoc and advisory services**

1. Where you have instructed us to do so, we will provide such other taxation ad hoc and advisory services as may be agreed between us from time to time. These services will be subject to the terms of this engagement letter and standard terms and conditions of business unless we decide to issue a separate engagement letter. An additional fee may be charged for these services. Examples of such work include:
* advising on ad hoc transactions and queries (including telephone conversations), preparing and submitting information in the relevant format to HMRC and calculating any related tax liabilities
* reviewing and advising on a suitable partial exemption method to use in preparing the return
* dealing with all communications relating to your VAT returns [Intrastat returns/EC sales list returns/non-union scheme MOSS returns] addressed to us by HMRC or passed to us by you. This will not include processing import and export declarations , which will be handled by you or your customs agent
* making recommendations to you about the use of cash accounting, annual accounting, flat rate and other suitable methods of accounting for VAT
* making recommendations to you about the use of non-union scheme VAT Mini One Stop Shop (MOSS) if you supply digital services to consumers in the EU
* making recommendations to you about the use of the VAT One Stop Shop (OSS) non-union scheme and/or the VAT Import One Stop Shop (IOSS) with effect from 1 July 2021 if you supply relevant services or goods to consumers in the EU
* providing you with advice on VAT [excise duty/customs duty/landfill tax/insurance premium tax/aggregates levy/climate change levy] as and when requested
* advising on time to pay arrangements or deferral of payment

Where the advice is provided in writing, the information provided and the query raised will be set out with our response to you.

1. Where specialist advice is required in certain areas, we may need to seek this from or refer you to appropriate specialists. We will only do this when instructed by you.

**Changes in the law or practice or in public policy**

1. We will not accept responsibility if you act on advice given by us on an earlier occasion without first confirming with us that the advice is still valid in the light of any change in the law or practice or in public policy or your circumstances.
2. We will accept no liability for losses arising from changes in the law or practice or in public policy that are first published after the date on which the advice is given.

**Your responsibilities**

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 VAT on time.

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

1. Legal responsibility for approval of the return cannot be delegated to others. You agree to check that returns that we have prepared for you are complete before approving them.
2. To enable us to carry out our work you agree:
3. that all returns are to be made on the basis of full disclosure;
4. that you are responsible for ensuring that the information provided is, to the best of your knowledge, accurate and complete. The returns are [prepared/reviewed] solely on the basis of the information provided by you and we accept no responsibility for any 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;
5. to authorise us to approach such third parties as may be appropriate for information we consider necessary to deal with the returns; and
6. to provide us with all the records relevant to the preparation of your [monthly/quarterly] returns as soon as possible after the return period ends. We would ordinarily need a minimum of [ ] 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 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 of [ ] for so doing.
7. to inform us that you have made the tax payment based on your calculated return
8. You will keep us informed of material changes in circumstances that could affect your obligations, eg
* change in the nature of your business
* change in turnover

* change of type of supply for VAT
* change in your type of business entity such as from sole trader into partnership
* acquisition or disposal of land or property etc
* starting to make supplies which are exempt from VAT
* you have reclaimed VAT within the last 10 years, having spent over £250,000 in purchasing, building or redeveloping a property, and the extent to which it is being used for taxable and/or exempt purposes has changed since you first reclaimed the VAT (ie Capital Goods Scheme adjustments will apply)
1. Where you wish us to deal with HMRC communications you will forward to us all communications received from HMRC such as statements of account, copies of notices of assessment and letters. These must be provided in time to enable us to deal with them as may be necessary within the statutory time limits. It is essential that you let us have copies of any correspondence received because HMRC is not obliged to send us copies of all communications issued to you.
2. You are responsible for bringing to our attention any errors, omissions or inaccuracies in your returns that you become aware of after the returns have been submitted in order that we may assist you to make a voluntary disclosure.
3. [(a)] If you provide digital services to consumers in the EU you are responsible for either registering for VAT in that member state or registering for the OSS non-union scheme in a Member State.

(aa) With effect from 1 July 2021, if you provide relevant services or goods to consumers in the EU you are responsible for either registering for VAT in that member state or registering for the OSS and/or IOSS non-union scheme in a Member State

(b) [If you are involved with any other business that 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 HMRC of your liability to be VAT registered, we will be pleased to assist you in the VAT registration process. You should notify us of your instructions to assist in your VAT registration in good time to enable a VAT registration form to be submitted within the 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.

1. If EC Sales Lists need to be completed you are responsible for obtaining all of your customers’ VAT registration numbers in other member states and to check any that you are not completely satisfied with, with HMRC.
2. **Our services as detailed above are subject to the limitations on our liability set out in the engagement letter and in paragraph 18 of our standard terms and conditions of business. These are important provisions which you should read and consider carefully.**

*[Date:*

 *Name of practice:]*

1. https://www.gov.uk/guidance/vat-place-of-supply-of-services-notice-741a#sec13 [↑](#footnote-ref-1)