

SELF-ASSESSMENT (PARTNERSHIPS AND LLPs)

The purpose of this schedule and the Standard Terms of Business is to set out the basis on which we are to act as accountants and advisors with regard to the partnership/LLP's tax self-assessment and to clarify our respective responsibilities in respect of that work.

In this schedule, in the case of an LLP, references to 'the partners' are to be taken as being a reference to or including the members of the LLP, and references to 'the partnership' are to the LLP.

1 Your responsibilities

1.1 The partners are legally responsible for:

- (a) ensuring that the partnership self-assessment tax returns (and related partnership statements and supplementary pages) are correct and complete;
- (b) filing all such returns by the relevant due date; and
- (c) reporting their allocation of the partnership profit or loss on their own self-assessment tax returns and paying any associated tax on time.

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

Legal responsibility for approval of the return cannot be delegated to others. The partners agree to check that returns and partnership statements prepared for the partnership are accurate and complete in all respects before you or the Nominated Partner (below) approve(s) them.

You are no less responsible for errors in unapproved returns, submitted on the basis of the information provided to and processed by us, than if you had confirmed your approval of the returns.

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

- (a) that all tax returns are to be made on the basis of full disclosure of all sources of income, profits and gains, all charges and allowances and all capital transactions;
- (b) to maintain accurate and complete accounting and other records of all income, expenses and outgoings of the partnership, and of the results of all transactions of the partnership of a capital nature.
- (c) to provide full information and documentation necessary for dealing with the tax partnership's affairs; we will rely on the information and documents being true, correct and complete and will not audit the information or those documents;
- (d) to provide us with the name of the partner nominated to deal with the partnership's tax affairs (the Nominated Partner), and to authorise us to take instructions from such Nominated Partner in relation to the preparation, and submission to HMRC, of partnership tax returns (with supporting statements and pages);
- (e) to authorise us to approach such third parties as may be appropriate for information that we consider necessary to deal with the partnership's tax affairs; and
- (f) to provide us with information in sufficient time for the partnership tax returns to be completed and submitted by the due date as stated in **Key Facts**. In order that we can do this, we need to receive all relevant information by the date stated in **Key Facts**. If for any reason we do not receive all relevant information by this date we may, at our discretion and depending on our work capacity, still endeavour to complete the relevant tax return so that it can be submitted on time. We reserve the right to make an additional charge for such rush work and will advise you of the amount prior to carrying out the work.

- 1.3 You will keep us fully and promptly informed of events or material changes in circumstances that could affect the tax liabilities of the partners including, by way of examples, changes in the partners in the partnership, change in profit share or, where a partner in the partnership becomes or ceases to be partner as trustee for a beneficiary who is absolutely entitled to the partner's share of the profits of the partnership, that change. If you are unsure whether an event or the change in circumstances is material or not, please let us know so that we can assess the significance or otherwise.
- 1.4 HMRC will send you an agent authorisation code which expires within 30 days of issue. Please send this to us as soon as you receive it. This code will enable us to register as your agent with HMRC, and authorises HMRC to communicate with us as your agent, although they consider that you must still take 'reasonable care' over your tax affairs.
- 1.5 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 may have the authority to communicate with us, if relevant through the form 64-8, it is essential that you let us have copies of any correspondence received from HMRC to avoid any breakdown in communication.
- 1.6 You are responsible for monitoring the partnership's monthly turnover to establish whether the partnership is liable to register for VAT if it is not already registered. In certain circumstances, there can be registration obligations with respect to other member states of the European Union. If you do not understand what you need to do, please ask us. If your turnover exceeds the UK VAT registration threshold and you 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 your turnover exceeds the VAT registration threshold in force at that time. We will not be responsible if you fail to notify us in time and, as a result, incur a late registration penalty. The same applies for equivalent non-UK taxes.
- 1.7 You are also responsible for employment taxes, pensions (including auto-enrolment) and the assessment of the tax status of your workers, including domestic staff. If you do not understand what you need to consider or what action you need to take, please ask us. We will not be in a position to assist you in complying with your responsibilities if we are not engaged to provide such a service. We are not responsible for any penalty that is incurred.

2 Our responsibilities as accountants

- 2.1 Profit from financial statements prepared under UK GAAP or the cash basis (see **Key Facts** for selected option) may require adjustment to arrive at the profit figure assessable for tax. We will prepare computations of taxable profits and capital gains based on the partnership financial statements from the accounting records and other information and explanations provided by you.
- 2.2 We will prepare the partnership self-assessment tax returns and the annual partnership statements, together with any supplementary pages required, from the information and explanations that the partnership provides to us. For the avoidance of doubt, this obligation does not extend to any VAT returns, or tax returns which may be required to be made in any country or jurisdiction outside the United Kingdom.
- 2.3 After obtaining the evidenced approval of the Nominated Partner we will submit these to HMRC. If required, you authorise us to file the return electronically.
- 2.4 If instructed by you we will provide each partner or their agent with details of the partner's allocations from the return to enable partners to fill in their own self-assessment tax returns.

- 2.5 If instructed by you, we will advise you as to possible claims and elections arising from information supplied by the partnership. Where subsequently instructed by you we will make such claims and elections in the form and manner required by HMRC.
- 2.6 We will deal with all communications relating to your return that are addressed to us directly by HMRC or passed to us by you. However if HMRC choose the partnership tax return for enquiry this work may need to be the subject of a separate assignment. In this event we will seek further instructions from you.
- 2.7 We are able to offer fee protection insurance to cover the cost of our fees arising from HMRC investigations. If you would like further details of this service please let us know.
- 2.8 The scope of our services provided to you will be only as set out above and all other services which we may offer are excluded (see also 2.9 below). If you instruct us to do so, 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. We will discuss and agree our fee for such work when it is commissioned by you. Examples of ad hoc work would include:
- advising on ad hoc transactions (for example the sale or purchase of assets);
 - advising on preparing financial statements (including preparation on the cash basis and helping you to make the requisite election);
 - dealing with any enquiry opened into the partnership's tax return by HMRC; and
 - preparing any amended returns which may be required and corresponding with HMRC as necessary.
- 2.9 In particular (in relation to the scope of our services to you), our services do not extend to advising you or carrying out any work on or in connection with, or arising out of:
- the partnership being a partner (including an indirect partner) in any other partnership; or
 - any other partnership being a partner (including an indirect partner) in the partnership.
- This relates to provisions enacted by the Finance Act 2018. These provisions can require, for example, the preparation of partnership statements on four alternative bases. Where the partnership's circumstances are within either of these two bullet points, we will be happy to discuss the additional work that may be required, and to make this the subject of a separate engagement letter.
- 2.10 Since 17 July 2013 a General Anti-Abuse Rule has been in operation in the UK. This rule enables HMRC to further tackle abusive tax planning schemes. Due to the low probability of eventual success of such schemes and the high ethical standards of this firm, it is our policy not to advise on tax schemes that we consider to be artificial or aggressive in nature. Please let us know if you would like to discuss this matter further or if you feel that you are disadvantaged in any way by the firm's policy on tax avoidance.
- 2.11 Where specialist advice in certain areas is required on occasions we may need to seek this from or refer you to appropriate specialists.
- 2.12 It is our policy to confirm in writing advice upon which the partnership may wish to rely.
- 2.13 The work carried out within this engagement will be in respect of the partnership's tax affairs. Any work to be carried out for the individual partners will be set out in a separate letter of engagement.