

SCHEDULE OF SERVICES – Payroll Services (Version June 2018)

This schedule should be read in conjunction with the engagement letter and the terms of business.

RESPONSIBILITIES AND SCOPE FOR PAYROLL SERVICES

Recurring compliance work

We will prepare your UK payroll for each payroll period to meet UK employment tax requirements, specifically:

- calculating the pay as you earn (PAYE) income tax deductions, including at the Scottish rate of income tax, if applicable;
- calculating the employees' national insurance contributions (NIC) deductions;
- calculating the employer's NIC liabilities;
- calculating statutory payments, for example, statutory sick pay and/or statutory maternity pay;
- calculating employee and employer pension contributions for employees who are members of workplace pension schemes on the basis of the information that you provide to us;
- processing any employee and employer pension contribution refunds through the payroll on the basis of the information that you provide to us;
- calculating other statutory and non-statutory deductions including apprenticeship levy; and
- submitting information online to HMRC under Real Time Information (RTI) for PAYE.
- Submitting information online to employee pension providers

Before the time of payment through the payroll or due date, we will prepare and send to you the following documents for delivering information to HMRC:

- payroll summary report showing the reconciliation from gross to net for each employee and all relevant payroll totals;
- a payslip for each employee, a form P45 for each leaver (sent directly to the employees where possible);
- a report showing your PAYE and NIC liability, student loan repayments, apprenticeship levy and due date for payment; and
- a workplace pension contributions report showing i) any employee and employer pension contributions payable in respect of each employee to the respective workplace pension scheme(s) of which they are members and the due date(s) for payment; ii) any employee pension contribution refunds payable to any employee; and iii) any employer pension contribution refunds due to you for any employee who has ceased membership of the scheme(s).

We will submit FPS online to HMRC after the data to be included therein has been approved/on the basis of the data provided by you. (FPS must normally reach HMRC on or before the contractual payday, ie, the date that employees are entitled to be paid). You must ensure the data provided to us is complete and accurate and your attention is drawn to your legal responsibilities as set out below.

For each tax month we will prepare, if appropriate, an Employer Payment Summary (EPS) from the information and explanations that you provide to us. (Examples of EPS data include statutory payments, employment allowance, construction industry scheme deductions,

apprenticeship levy allowance allocated to that PAYE scheme and apprenticeship levy payable to date and confirmation that no payments were, or will be, made to employees.)

We will submit EPS online to HMRC after the data to be included therein has been approved/on the basis of the data provided by you. (EPS must reach HMRC by the 19th of the month following the tax month to which they relate.) You must ensure that the data provided to us is complete and accurate and your attention is drawn to your legal responsibilities as set out below.

At the end of the tax year we will:

- prepare the final FPS (or EPS) and submit this to HMRC after the data to be included therein has been approved/on the basis of the data provided by you; (the due date for submitting final FPS is on or before the last contractual payday of the tax year, failing which, the final EPS for the year must reach HMRC by 19 April following the end of the tax year;) you must ensure that the data provided to us is complete and accurate and your attention is drawn to your legal responsibilities as set out below;
- prepare and send to you or your employee Form P60 for each employee on the payroll at the year-end so you can give them to employees by the statutory due date of 31 May following the end of the tax year
- If applicable, prepare and send to you a statement for every employee for whom benefits-in-kind have been payrolled identifying every benefit provided to each employee during the tax year and the cash equivalent of each benefit treated as PAYE income so you can give them to employees by the statutory due date of 31 May following the end of the tax year. If applicable give you details of the Class 1A NIC on payrolled benefits-in-kind which will need to be accounted for on form P11D(b) and the due date for payment and give you details of the Class 1A NIC on expenses accounted for in the payroll which will need to be accounted for on form P11D(b) and the due date for payment
- If applicable, give you the figures that need to be included on forms P11D to account for income tax in respect of expenses for which Class 1 NIC has been accounted for in the payroll.

We will deal with any online secure messages sent to us by HMRC in respect of your payroll, for example, code number notifications, student loan repayment notices, and generic notification notices.

We will submit national insurance number (NINO) verification requests as appropriate to verify or obtain a NINO for a new employee.

Excluded, ad hoc and advisory work

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. If you instruct 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 may be the subject of a separate engagement letter at our option. Where appropriate, we will agree with you a separate fee for any such work you instruct us to undertake. Examples of such work that you may wish to instruct us to undertake include:

- work in connection with workplace pension schemes other than that detailed above;
- agreeing with you which employer-provided benefits-in-kind will be processed through the payroll and for which employees, processing through the payroll cash equivalent notional amounts on employee benefits-in-kind, notifying HMRC of in-year changes, advising you on the payment of associated Class 1A NIC, preparing and submitting return P11D(b) and notifications to employees;

- preparing and submitting returns P11D and P11D(b) for employee benefits-in-kind and expenses and advising on the payment of associated Class 1A NIC (such work, if undertaken, is covered in a separate schedule of services);
- dealing with any compliance check or enquiry by HMRC into the payroll data submitted;
- preparing and submitting any amended returns or data for previous tax years;
- assisting you in the operation of the Construction Industry Scheme (CIS) for subcontractors;
- conducting PAYE, and benefits and expenses health checks; and
- helping you to allocate apprenticeship levy allowance across your different PAYE schemes.

If specialist advice is required, we may need to seek this from, or refer you to, appropriate specialists.

Changes in the law, in practice or in public policy

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, practice, public policy or in your circumstances.

We will accept no liability for losses arising from changes in the law (or the interpretation thereof), practice or public policy that are first published after the date on which the advice is given.

Your responsibilities

Even though you are engaging us to help you meet your payroll obligations, you are legally responsible for:

- ensuring that the data in your payroll submissions is correct and complete;
- complying with auto-enrolment obligations;
- making any submissions by the due date; and
- paying tax and NIC on time.

Failure to do any of the above may lead to penalties and/or interest.

Employers cannot delegate these legal responsibilities to others.

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.

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

- that all information required to be delivered online is submitted on the basis of full disclosure;
- to provide full information necessary for dealing with your payroll affairs and workplace pension scheme contributions and refunds; we will rely on the information and documents being true, correct and complete and will not audit the information or those documents;
- to agree with us the name(s) of the person(s) authorised by you to notify us of changes in employees and in rates of pay and other information relevant to the services

provided under this schedule; we will process the changes only if notified by that/those individual(s);

- to advise us in writing of changes of payroll pay dates;
- to notify us at least ten working days or such other period as agreed with us before the payroll pay date of all transactions or events which may need to be reflected in the payroll for the period, including details of:
 - all new employees (including full names, address, date of birth, gender, national insurance number, their start date and P46 new starter checklist/P45, proof of ID) and details of their remuneration package
 - where relevant, details of any benefits-in-kind to be payrolled detailing their names, the identity of the benefits-in-kind, and the cash equivalent amounts to be included in payroll;
 - for employees who are active pension scheme members, name of pension scheme, pensionable pay, employee and employer contribution rates, dates from/to which contributions payable;
 - names and dates of birth of all apprentices aged under 25;
 - names and dates of birth of all employees aged under 21;
 - all changes to remuneration packages (including benefits-in-kind to be payrolled);
 - where relevant employee expenses which need to be included in payroll to account for either income tax or Class 1 NIC or both;
 - expenses for each employee if the expense is to be reimbursed gross through payroll as an addition to net pay;
 - information necessary to enable us to calculate statutory payments, ie, statutory sick pay, statutory maternity pay, statutory adoption pay, statutory paternity pay, statutory shared parental pay;
 - irregular and/or ad hoc payments and the dates to be paid; and
 - all leavers, their leaving date, termination payments, and any payments made after the leaving date.
- to notify us within 5 working days or such other period as agreed with us of your receiving or becoming aware of any opt-out notices or any other requests to cease membership of a scheme, so that we can cease to calculate any relevant pension contributions and process any required refunds;
- to register with HMRC in advance of the tax year, to notify which benefits-in-kind are to be payrolled for which employees, and to notify in-year changes to HMRC (as agents, we cannot do this);
- to keep us informed of changes in circumstances that could affect the payroll; if you are unsure whether a change is material, please tell us so we can assess its significance;
- to authorise us to approach such third parties as may be appropriate, for information that we consider necessary to deal with your payroll; and
- to approve, where agreed:
 - in-year and final FPS by at least ten working days before payroll pay dates so that they can be submitted on or before payday, or as agreed with us;
 - in-year and final EPS by at least ten days before the 19th of the month following the tax month;
 - earlier year updates (EYU) within ten days of notifying you of the data therein.

If we do not hear from you by the above deadlines, subject to any other agreement between us, we will take your silence as your approval for us to submit the return.

If the information required to complete the payroll services set out above is received later than the dates specified above or agreed with us, we will still endeavour to process the payroll and returns to meet the filing deadlines; but we will not be liable for any costs or other losses

arising if the payroll is late or the returns are filed late in these circumstances. We may charge an additional fee of £50 +VAT for work carried out in a shorter time period.

If you require us to make a correction after the FPS or EPS has been submitted, you will let us know as soon as possible and, ideally, before the next payroll run. This will be subject to a separate fee.

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. In some circumstances we may also send a form 64-8 for you to sign and return to us for submission to HMRC. This authorises HMRC to communicate with us as your agent, although they consider that you should still take 'reasonable care' over your tax affairs

You will forward to us any communications received from HMRC, in sufficient time to enable us to deal with them as may be necessary within the requisite time limits. Although HMRC has 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 communications issued to you and, in most cases, will not do so. You should also keep a note of any telephone communication you have with HMRC's tax credits helpline, including the date and time of the call, and the name of the helpline operator(s).