Updated engagement letter guidance issued

General Features

01 June 2020

The joint professional bodies' engagement letters working party (AAT, ACCA, ATT, CIOT and STEP) issued the latest update to engagement letters guidance on 27 April 2020.

The engagement letter guidance has been updated to reflect technical changes since 2018 and a new separate draft agreement added for use by a practitioner acting as a subcontractor to a regulated firm engaged in public practice. It is important that members review the guidance and adapt and amend the documents to suit their own practice. The latest update and the subcontractor agreement have not been subject to review by legal counsel and important caveats are included at the start of each document.

The update to the main guidance includes the following changes:

- The cash basis is now referred to in the sole trader/rental income schedule.
- In-year capital gains tax reporting is covered in the personal tax, sole trader/rental income, trusts and estates, partnership and LLP schedules.
- The MTD for VAT schedule is now included in the main guidance.
- VAT Moss paragraphs in all relevant schedules have been amended to remove references to registering 'in the UK' as a result of EU withdrawal.
- Off-payroll working changes are reflected *(deferred owing to COVID-19)*.
- The guidance and the covering letter have been amended in relation to acceptance of the agreement by electronic means or where no reply is received.
- The section of the covering letter relating to agent authorisation has been amended.
- Where fees are to be settled by a tax refund, suggested wording has been added to the fees schedule and additional guidance provided.

- The colour-coding of the document has been updated to make the guidance clearer for practitioners to amend.

The guidance does not include any aspects of the government support packages during the current COVID-19 pandemic. There is no expectation that members will refresh their engagement letters with all clients as a result of the current update. Instead, they can be used where new engagement letters are issued; e.g. when taking on a new client or providing new services from 27 April 2020. The guidance is available on the CIOT and ATT websites. Members with queries should email standards@tax.org.uk or standards@att.org.uk.