

Terms of Appointment

These terms set out and clarify the terms upon which a representative is appointed to act under the insurance policy.

The policy insures your firm. Your clients have no rights against the insurer under the policy.

DEFINITIONS:

We/Us/Our - Croner Taxwise Limited

The Insurer - Irwell Insurance Company Limited

BASIS OF APPOINTMENT

The insurance policy is one of indemnity and anticipates that a full equity partner of the firm be appointed to represent your client's interests. For all practical purposes, however, we correspond with the firm generally.

The Insurer indemnifies the firm's costs of representing the client in fulfilment of the firm's obligations to your client under the Croner Taxwise Premier Professional Service, provided that the costs have been incurred in accordance with and are covered by the policy.

The Insurer's obligation commences on the date we accept the claim under the terms of the policy except in the circumstances described under 'Consent to Incur Fees' on page 2 of these Terms of Appointment. If you render services not covered by the policy then any fees incurred would not be recoverable from us or the insurer.

BASIS OF APPOINTMENT

Basis of Payment

Except for travel, the Insurer pays an hourly rate as disclosed to us and noted on the policy schedule.

The policy allows up to two people (whether partner, employee or consultant) to attend meetings with HM Revenue & Customs (HMRC) during the enquiry or dispute.

Travel time will be reimbursed at £80 per hour, or the traveller's hourly charge out rate if lower, and either;

- 50p per mile for journeys undertaken by motor vehicles, applicable to only one traveller, unless travel from different business locations is necessary; or
- the lower of a first class fare or the equivalent motor vehicle allowance as set out above if travel is by train.

The policy allows for payment of administration costs of 2.5% of the enquiry/dispute representation costs subject to a minimum of £50. This should be included on your final invoice.

Information Required

A payment request document should be prepared detailing the costs incurred in providing representation to your client under the Premier Professional Client Service. The payment request document will not be an invoice. The payment request document should contain the following information:

The time spent, by whom, the date the work was done and the relevant hourly rates. The hourly rates must be in accordance with the figures declared to us and noted on the policy schedule.

- Sufficient details of the work done to show that the costs incurred are reasonable.
- Any work that is done prior to the date of the written authorisation of the claim should be clearly shown on the payment request document.
- Such costs will not be paid by the Insurer, except in the circumstances described under 'Consent to Incur Costs' on page 2 of these Terms of Appointment.
- The present position of the matter, along with your best estimate of further costs likely to be incurred to conclude the matter, should be provided for ongoing cases.

We will ask for copies of all correspondence to support payment requests should we require it.

A model form of payment request document is shown on page 4 of these Terms of Appointment.

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Interim Payment Requests

Under this agreement, we will pay interim costs on Full and Cross Tax enquiries and other enquiries, reviews and interventions that become protracted. Otherwise, we expect to receive your payment request upon completion of the matter.

Interim payment requests are paid, however they are drawn, on condition that they are interim payments on account of the final payment request to be submitted at the end of the case. We reserve the right to have any and all payment requests assessed in the name of the Insurer or you by a Court or an Arbitrator at any time.

Consent to Incur Fees

Specific consent to incur professional fees must be first obtained from us in writing, except in the following circumstances;

- you have sent us a copy of HMRC's opening enquiry, review or intervention letter as soon as possible after you receive it; and
- we receive your client's fully completed claim form and supporting documents, if requested, as soon as possible.

In these circumstances, we will consider up to the equivalent of five hours' partner time OR £750 (whichever is the greater) incurred before we provide formal acceptance of the claim, subject to other policy terms and conditions being met.

Provided we are satisfied that policy terms, conditions and limitations are met, including ongoing reasonable prospects of success in any matter of dispute with HMRC, consent will be given.

After consent has been granted, if it is shown that either work done and/or the particular claim and/or the proceedings have not been brought within the terms and conditions of the policy, then to the extent that the claim or proceedings have not been brought within those terms, there is no cover.

Duty to Minimise Costs

It is a requirement of the policy that work undertaken is dealt with by a member of staff whose qualifications and experience are appropriate to the level of enquiry, review or intervention; for example a partner would not be expected to undertake basic scheduling work during an enquiry and charge his normal rates. If, however, because of staff constraints, the partner has to undertake the work, then it is expected that they would charge the appropriate lower rate. It is accepted that where junior members of staff are involved in a claim, it is necessary for a degree of supervision. The Insurer will reimburse for such supervision where it is reasonable and appropriate.

Where work is done or should have been done in the routine presentation of the clients affairs the Insurer will not accept charges for work done which could reasonably have been done when these were prepared or submitted to the relevant authority. This includes the cost of supporting professional valuations.

In addition, the Insurer will not accept charges for compliance work ordinarily capable of being completed by the client. Where your firm has prepared the books as well as the accounts and/ or returns we expect that the information required by the relevant authority will be quickly and easily ascertainable from those accounts or returns.

We expect services to the client for the preparation and submission of accounts and returns to the relevant authority to have been provided with professional skill and care.

Costs Unreasonably or Unnecessarily Incurred

The Insurer will not provide indemnity where costs are unreasonably and/or unnecessarily incurred.

Costs in relation to "helping, telling and giving" information or quantifying additions to HMRC in order to protect the client's potential penalty position must be reasonable and relate to risks identified by HMRC.

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Other Party's Fees and Costs

We may, at our discretion, at any time during the claim, require you to obtain an opinion from Counsel or other suitably qualified person, at your expense, as to the merits of a claim or proceedings. If the opinion obtained indicates that there are reasonable grounds to continue the claim or proceedings, and we agree, the cost of that opinion will be met under the terms of the policy.

If Counsel or an expert or other specialist is to be instructed, you must seek our prior approval. We will nominate Counsel and must agree the terms with Counsel, experts or other specialist. We may require that our own internal expertise be used. If Counsel is instructed and Counsel's fees are reduced on an Assessment then Counsel must accept the reduced payment. This must be agreed with Counsel or Counsel's Clerk in advance of instruction.

Recovery of Costs

Where applicable you should take all reasonable steps to recover the costs and expenses of representing the client and reimburse the Insurer for any payments we have made. For example, in VAT Tribunal matters, representation costs and expenses are recoverable from HMRC if the case against them is successful at Tribunal.

CONTROL OF CLAIMS

Passing of information

Under the terms of the Policy, we will have direct contact with you and you must keep us fully and continually informed of all material developments.

We may require to see your file before payment of your costs and you must send it to us if we ask. We undertake to preserve your file and return it on request after inspection. We may need to see it more than once and the same principles will apply. No Retaining, Common Law or Statutory lien will arise as against us or the Insurer. If the client gives you instructions contrary to this, then you should immediately let us know. You should forward to us any of the client's documents, information or other items in your possession, should we reasonably require to see them.

Estimates

On every interim application for payment to us, please give your reasoned opinion of the likely total costs of the enquiry, review or intervention. This, taken with our opinion and judgement, will assist us in setting claim estimates for the Insurer.

Authority to do work

We will normally authorise you to do work up to a fixed sum. If costs are incurred beyond this figure, they will have been incurred without the Insurer's consent and as such may not be reimbursed under the terms of the Policy.

Review

We will review the claim from time to time and you may be asked for information, which must be provided.

Bankruptcy and client resignation

We must be informed immediately you are aware that either you or your client:

- is bankrupt or has filed a petition for bankruptcy or a winding-up petition; or
- enters into a deed of arrangement with creditors; or
- is in liquidation (except in the case of a Members Voluntary Liquidation)

We must be informed immediately you are aware that your client ceases to be your client and no longer wishes you or us to act as representative in connection with the enquiry or dispute.

A sample payment request is shown on the following page

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Sample Invoice

CLIENT'S NAME AND ADDRESS

Mr Smith
1 Brown Street HILLTOP
Shires

No: 1234

Date: 31.03.16

Croner Taxwise Ref: XXXXX

To professional fees incurred on the enquiry from: 8 February 2016 to 31 March 2016

DATE	SUMMARY OF WORK CARRIED OUT	TIME SPENT	CHARGE OUT RATE	TOTAL
08.02.16	Letter to client re HMRC enquiry: Partner	0.25	£120.00	£30.00
18.02.16	Meeting with client to discuss HMRC enquiry: Partner	2.00	£120.00	£240.00
24.02.16	Preparing schedule to accompany letter, check records and letter to HMRC: Tax Senior	3.00	£60.00	£180.00
16.02.16	Preparing reply to HMRC, letter and telephone call: Partner	2.50	£120.00	£300.00
08.03.16	Discussing HMRC reply and position with client: Tax Manager	0.50	£90.00	£45.00
			Total	£795.00

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Irwell Insurance Company Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority (Financial Services Register Number 202897).

Croner Taxwise Limited is authorised and regulated by the Financial Conduct Authority (Financial Services Register Number 304970).

Croner Taxwise Limited, Croner House, Wheatfield Way, Hinckley, Leicestershire, LE10 1YG. Registered in England No: 3116659 VAT Reg No: 785404020

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