

Premier Protection & Professional FAQs

1. WHAT KIND OF SCHEMES ARE AVAILABLE?

You can opt for either a client decide or all client scheme. A client decide scheme means that you add your clients individually, while an all client scheme provides blanket cover for all your clients. Both scheme types can generate valuable extra revenue for the practice and provide high levels of protection for your clients. They are also inherently flexible and can be tailored to your practice's specific needs.

2. WHAT OTHER BENEFITS ARE PROVIDED?

As a client you have, as standard, a team of staff working on your account to help you achieve the most out of your fee protection scheme. This includes:

- an account manager who will be responsible for the smooth running of your account
- a marketing liaison officer who will support and advise on marketing and running your scheme
- a dedicated claims consultant who will always handle any claims your practice has
- a dedicated enquiry specialist.

3. CAN BOTH MY PRACTICE AND OUR BUSINESS CLIENTS CALL THE CRONER BUSINESS SUPPORT ADVICE LINE?

Your practice and your business clients have access to the Croner Business Support advice line, which covers areas of advice such as:

Employment and personnel, including;

- disciplining an employee
- gross misconduct and dismissal

Health and safety, including;

- reporting an accident
- hazardous substances

Commercial legal issues, including;

- landlord and tenancy
- company law
- copyright and patent

4. DO I GET ACCESS TO THE TAX AND VAT ADVICE LINE?

Yes. All clients have access to the Tax and VAT advice lines.



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5. WHAT ABOUT EXCESSES?

Our standard fee protection products have no excesses.

6. WHAT SHOULD I CHARGE MY CLIENTS?

You are free to charge your client whatever you like.

Our experience is that most practices add an arrangement or administration fee to the premiums we charge. Many just add enough to cover their costs; others wish to maximise the revenue opportunity. You should bear in mind, however, that excessive uplifts may have a detrimental effect on your client relationship.

We charge practices a flat premium by client type, so basing any uplift figures on factors like client type, size or value is a common practice.

Your dedicated Account Manager will discuss your needs with you and advise you on the best way to market your scheme effectively.

7. DO YOU DEAL WITH ANY OF THE HMRC ENQUIRY WORK?

It's down to you. Our fee protection scheme is set up to pay you for the work you do during your client's enquiry. However, if you prefer, you can pass any, or all of your HMRC work onto our team of expert consultants, enabling you to dedicate your time to your client's other requirements. And happily, this service comes at no extra cost, as we recoup all our expenses from the insurer.

8. WHAT WILL YOU PAY FOR?

Fee protection is not designed to replace your client's normal compliance costs. It is intended to bridge the gap between these and the professional costs involved in ensuring your client has proper representation when it is needed in the face of an HMRC investigation.

Using the example of an Employer Compliance review, it would pay for you to attend on the day of the review meeting, brief your client before the meeting commences, attend the meeting itself and generally manage HMRC's activities with your client. We would pay for you to attend any HMRC interviews with your clients and their staff and to deal with correspondence with HMRC.

We would not pay for you to attend whilst HMRC trawl through records nor for work your client is ordinarily capable of completing.

On all accepted claims, claim administration costs of 2.5% are paid, subject to a minimum of £50 per claim. Representation costs (other than administration costs) excluding VAT are paid.

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9. WHAT LEVEL OF COMPLIANCE WILL YOU EXPECT FOR MY CLIENT TO QUALIFY FOR REPRESENTATION?

Whilst we normally expect statutory returns to have been submitted on time, we do allow for enquiries on the back of late returns to be covered under certain circumstances for Tax, VAT, Employer Compliance or other appropriate returns. Please refer to the policy document for further information.

10. DO I NEED TO BE FCA AUTHORISED AND REGULATED OR HOLD A DPB LICENCE TO OPERATE A FEE PROTECTION SCHEME?

Accountants who wish to operate a fee protection scheme whereby their clients are offered fee protection as insurance need to hold a DPB licence or be authorised and regulated by the FCA for general insurance business.

Accountants who do not hold a DPB licence or who are not authorised and regulated by the FCA for general insurance business may operate a fee protection scheme whereby their clients are offered fee protection as a service rather than insurance. In these circumstances, the accountant is insured against clients making use of the service.

11. HOW ARE BUSINESS CLIENTS AND PRIVATE CLIENTS DEFINED?

Business clients

- an incorporated business
- a partnership (including limited liability partnerships)
- an individual who is required to complete the self-employment pages of a tax return and/or the annual gross income on Land and Property pages exceeds £50,000
- an unincorporated trust as regards its trading activities
- an unincorporated charity as regards its trading activities
- an unincorporated non-profit organisation as regards its trading activities.

Private clients

- an individual not falling within the definition of a business client
- a trust with no trading income
- a charity with no trading income
- a non-profit organisation as regards its non-trading activities.

12. WHAT ABOUT COVER FOR DIRECTORS AND PARTNERS OF MY BUSINESS CLIENTS?

Provided they fall within our 'private client' definition, directors and partners for whom you act as the tax return agent are covered within the business client premium.

Please remember that they must fall within our 'private client' definition to qualify for cover. If, for example, a director is also required to complete the self-employment pages of a tax return, or has gross annual income from land and property greater than £50,000, he or she will need to be covered separately as a business client. Directors who are Lloyds underwriters must also be treated as business clients.

Also included are any personal non-business returns of Company Secretaries (as registered at Companies House) and spouses of Directors, Partners and Company Secretaries in respect of whom you are the tax return agent.



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13. WHAT ABOUT CLIENTS WITH MORE THAN ONE TAX RETURN?

Cover needs to be arranged for each tax return entity exposed to enquiry or intervention. For example, a group made up of a parent company and three subsidiaries, all of which complete a tax return, would need to have cover in place for all four of them individually to be fully covered. Alternatively, you can insure a group of entities under a single policy at a discounted rate.

14. WHAT ABOUT CHANGES IN THE STATUS OF A CLIENT; FOR EXAMPLE, A SOLE TRADER DECIDING TO INCORPORATE?

In this instance, two entities will be exposed to risk of enquiry for 12 months after the last sole trader tax return was received by HMRC. We will cover both entities due in the year of change for the premium paid for the sole trader, providing that this change is made after the commencement of your fee protection scheme. Thereafter, whilst the sole trader is still at risk of a separate enquiry during HMRC's window of opportunity, a separate premium must be paid if both entities are to remain covered.

15. WHY ARE CLIENTS WITH A TURNOVER IN EXCESS OF £25 MILLION TREATED INDIVIDUALLY

Larger companies are treated separately as there is an increased risk associated with them and greater cost implications should they be investigated. This additional risk and cost is reflected in the larger companies' higher premiums. We must be notified of ANY client with a turnover in excess of £25 million.

16. HOW SOON BEFORE THEIR RENEWAL DATE SHOULD I CONTACT CLIENTS?

We will contact you approximately three months before your renewal date to discuss renewal terms and to review your objectives for the scheme for the next 12 months.

Once renewal terms are agreed, we would recommend that you write to your clients approximately four to six weeks prior to their renewal. If letters are sent too much earlier than this, we find they lose their impact.

After the renewal requests are sent you should allocate some time to follow up those who have not responded, to ensure your scheme take-up is maximised and your clients are covered on a continuous basis. We can also offer support in this area, and your Account Manager will be pleased to help.

17. I HAVE AN ALL CLIENT SCHEME. ONE OF MY CLIENTS IS SUBJECT TO AN ENQUIRY BUT HAS NOT CONTRIBUTED TO THE COSTS OF THE SCHEME BY PAYING US A FEE OR PREMIUM. WHAT SHOULD I DO?

This is ultimately up to you. You could:

- a) bill the client for all work undertaken without claiming on your scheme
- b) explain the scheme to the client and ask for a one-off payment to gain inclusion into the scheme and make a claim
- c) write off the expense of the scheme as a value-added service your practice provides to the client
- d) ask your client to pay some of the costs and re-coup the outstanding amount from us.

The choice really depends on you and the value of the client to your practice. Remember that claiming on your policy will affect your claims experience and could result in increased premiums.

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18. ONE OF MY CLIENTS IS LEAVING OUR PRACTICE. WILL THEIR INSURANCE REMAIN IN PLACE WHEN THEY LEAVE?

Your scheme covers your current clients. It is a policy requirement that your firm is the tax return agent at the time an enquiry starts.

If a claim is ongoing when a client leaves your practice, cover for your or our costs in representing your client will continue until the matter is concluded. Otherwise, the cover ends when your client leaves and we provide no refund of premium other than during the initial 14 day 'cooling off period' when the client is entitled to a full refund provided no claim has been made.

If your client moves to or from another practice that also operates a scheme with us, then the cover may be transferred with them. In these instances, continuity of cover is maintained. This is NOT applicable to schemes where the product is offered to clients as a service.

19. ONE OF MY CLIENTS HAS JUST RECEIVED A LETTER ABOUT A FORTHCOMING EMPLOYER COMPLIANCE / VAT VISIT. CAN HE BUY COVER NOW?

Clients can sign up for cover at any time. In this case however, the client would not be covered for the visit or any subsequent work.

20. IS MY PREMIUM GOING TO INCREASE IF I MAKE A CLAIM?

It is impossible to answer a simple yes or no to this question, as there are a number of factors that must be considered. Your scheme premium is based largely on its own claim experience, which we review every year, the make up of your client base and your charge out rates. Significant changes to any of these factors could affect your premium.

However, we try to avoid making significant adjustments to premiums just because more claims than we expected are made. If the overall experience over a number of years is good and we have no reason to believe any deterioration will continue, we will try to maintain unchanged terms.

21. I KNOW THE FEE PROTECTION PRODUCTS INCLUDE ACCESS TO THE ADVICE LINES. IN THE UNLIKELY EVENT THAT I AM GIVEN POOR ADVICE, CAN YOU EXPLAIN WHAT WOULD HAPPEN?

Our advice line staff are highly qualified, experienced and trained, so the likelihood of you being given poor advice is very small.

However, should an issue arise, we would obviously treat the situation very seriously and our complaints procedure will lead to a speedy resolution.

For added peace of mind all our advice line calls are recorded and monitored and this provides us with a fail-safe way of resolving such scenarios. Our professional integrity would ensure that errors made on our part are rectified accordingly.



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22. HOW DO YOU OPERATE THE COVER FOR COP8 ENQUIRIES?

COP8 is a Code of Practice 8 enquiry where fraud is suspected. We provide cover up to an inner limit in most cases and we will agree fees with you during the life of the claim so that the insurer is fully aware of the risk. The cover is explained in more detail:

- If the enquiry remains within COP8 for its duration up to its closure and fraud is not proven, the claim is covered up to the inner limit.
- If fraud is not proven and the enquiry is continued outside of COP8 then this would be subject to the policy limit of indemnity.
- If fraud is proved or the enquiry is moved under COP9, then the claim is excluded.

23. WHAT KIND OF RELATIONSHIP DO YOU HAVE WITH IRWELL?

Irwell has underwritten our policies for over 10 years, so we have a long standing, successful and trusted relationship with them.

We are authorised to underwrite and accept insurance risks on Irwell's behalf and to handle claims arising from these insurances. This means that we are able to make and communicate claims decisions and pay your invoices quickly.

24. I HAVE UK CLIENTS WHO ALSO OPERATE BUSINESSES IN THE REPUBLIC OF IRELAND (ROI). ARE THEY COVERED?

No. Only clients in the United Kingdom of Great Britain and Northern Ireland are included. However, we are able to arrange separate cover, also underwritten by Irwell, for your ROI clients if required.

QUESTIONS THAT RELATE TO IPT AND VAT...

25. HOW IS INSURANCE PREMIUM TAX (IPT) APPLIED IN FEE PROTECTION SCHEMES?

IPT is a government tax that is applied to all insurance policies. It is applied to the premium paid by the insured party, so will differ according to whether you have a regulated or un-regulated policy.

In general terms, if you offer your clients the opportunity to buy fee protection as an insurance, IPT is applied at its prevailing rate to the premium you charge your client.

If, however, you offer fee protection to your clients as a service, you will apply VAT to the service charge and IPT will be due only on the amount of premium due to us for the insurance that covers your practice and underpins your tax fee protection service.

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26. IS THERE A DIFFERENCE IN IPT TREATMENT BETWEEN CLIENT DECIDE AND ALL CLIENT SCHEMES?

No. The same principles apply. However, the timing of when and how much IPT is paid to us differs.

If your practice operates an All Client scheme, we will collect IPT on the total amount we charge you at the start of the period of insurance. At the end of the period of insurance we will ask you declare to us the total amount recovered from your clients.

If you chose to collect by separately identified invoiced sums, without disclosure of the amount of your arrangement fee, and the total amount collected exceeds what was initially paid to us, additional IPT will be due.

27. WHAT IF I COLLECT LESS THAN ORIGINALLY PAID TO YOU ON AN ALL CLIENT SCHEME?

No additional IPT will be due as your firm will have paid the correct amount of IPT at the start of the period of insurance.

28. CAN THE TREATMENT OF IPT EVER DIFFER FROM THIS?

Yes. If you buy an All Client regulated fee protection scheme, providing insurance for your clients, and offer it to them as a benefit of being with your practice, without seeking recovery of its costs from them, IPT will be due on only the amount paid to us.

**FOR MORE INFORMATION, CALL US NOW ON 0844 892 2776 OR
VISIT WWW.CRONERTAXWISE.COM**

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