



## Competex Fees – 2020/21

**VAT is charged at the standard rate on all Competex fees**

We provide a standard all-inclusive accounting package for all our clients, based on the principle of a single fee-earner who is the shareholder, director, and employee of the company.

### **Standard accounts fees for accounting periods commencing between 1 April 2020 and 31 March 2021**

Company formation and initial compliance work	£65
• Transfer from previous accountant (or from self) and initial compliance work	£65
Annual accounts fee for a single fee-earner per accounting period – maximum fee (note 1)	£1,500
• Additional fee for second fee-earner and certain employees (note 3)	£600
• Reduced fee if fully inactive for the entire accounting period (note 4)	£600
• Reduced fee if fully inactive for the entire accounting period and not using FreeAgent	£450
• Reduced fee if fully dormant for the entire accounting period (note 4)	£300

### **For the majority of our clients these are the only fees that they need to pay**

If you require any individual services that fall outside our standard service, or for which direct costs are incurred by Competex, there will be an additional fee.

### **Additional fees for work carried out during the 2020/21 calendar year**

#### Accounts

One-off fee for an accounting period of over 12 months (note 5)	£200
One-off fee for checking and submitting an online VAT return	£50
One-off fee for checking and submitting a VAT return using MTD compliant software (other than via FreeAgent)	£100
One-off fee for submitting an online NIL VAT return	£20
Hourly fee for bookkeeping work	£80
Quarterly fee for processing accounts information in non-standard format (note 6)	£100
Hourly fee for handling HMRC compliance visits or enquiries (note 7)	£120
One-off fee for completing a P11D for a non-fee-earner (note 8)	£60
Late delivery of accounting information for critical deadlines (note 9)	£150

#### Payroll

Processing salary for additional employees within a tax year – per annum (note 10)	£90
Additions & amendments to salary processed after year-end deadline – minimum (note 11)	£150
Employment Allowance - retrospective claims – per year (note 12)	£100
Set up and processing Auto Enrolment module – first year (note 13)	£300
Processing Auto Enrolment module – subsequent years (note 13)	£120

#### Personal tax

Completion of personal self-assessment tax returns (note 14)	from £250
Tax advice relating to company liquidation (note 18)	from £350

#### Insurances and anti-identity-theft

HMRC investigation fee-protection scheme (per annum) (note 15)	£165
Provision of director's service address (per annum/per address) (note 16)	£120

#### Company secretarial and other administration fees

Change of directorship	£75
Change of shareholding	£75
Change of company name	£75
Transfer to new accountant (note 17)	£120
Company strike off or liquidation (note 18)	£200
Company House confirmation statement (if we are not the Registered Office)	£30



## Notes to Fee schedule

Clients are advised to participate in the insurances and anti-identity-theft schemes.

New clients usually benefit from having us complete and file their personal tax return, particularly in their first year working as an independent professional.

### **Note 1 – Active accounts fee**

The annual accounts fee includes the cost of using our online bookkeeping package powered by FreeAgent, preparation and submission of statutory accounts and the associated corporation tax return, full monthly payroll administration, preparation of form P11D if required (for the fee-earner), Companies House confirmation statement, and for assisting in all other related matters in any one accounting period.

We charge a flat fee of 5% of active client's annual turnover with a minimum charge of £800 per year and a maximum of £1,500 per year.

### **Note 2 - Introducing new clients – financial incentive**

If, during the current financial year, you introduce one or more new clients who become active clients paying our full fee, and you inform us at the time they come to us, we will reduce the accounting fee that we charge you by £120 for each introduction. This one-off incentive will be credited to your account after the new client's first year-end and the full fee has been paid.

### **Note 3 - Additional fee-earners**

This fee is payable in quarterly instalments for each additional fee earner and where benefits in kind are paid to a non-fee earner in any accounting period.

### **Note 4 – Status definitions**

- **Dormant (since incorporation)** - A company is dormant if it has never traded since it was incorporated. In this case there will be no transactions of any sort.
- **Active** - A company is active if it has income and is trading to a greater or lesser extent at any time during the year.
- **Inactive** - A company is inactive if it has previously been active but is not currently trading. You may be between assignments, returning into a permanent job with full employment rights, accepting an assignment working on your client's payroll, or simply not working for a long period of time. To be considered inactive during its accounting year, the company will have received no income and paid no salary during the year. The only items that may appear in the accounts will be dividends, personal expenses, our fees, VAT payments and bank interest.

### **Note 5 – Long accounting periods**

This involves additional processing and the preparation and submission of two corporation tax computations and returns to HMRC.

### **Note 6 - Processing non-standard quarterly accounts returns**

In order to comply with our responsibilities under the new Making Tax Digital (MTD) legislation, we supply, as standard to all our clients, bookkeeping software licensed to us by FreeAgent. This cloud-based software enables us to monitor clients' bookkeeping activity and provide real-time assistance with any difficulties that clients may have.

In certain circumstances, we will accept accounting information other than via FreeAgent, but this always involves us in extra work. In these circumstances we charge a supplementary accounting fee in addition to our standard annual fee.

### **Note 7 - Handling HMRC compliance visits**

HMRC investigations often follow as a consequence of late filing of VAT returns and/or late payment of corporation tax, but there may be other reasons for investigation. An increasing number of taxpayers are selected entirely at



random for investigation. Clients are advised to participate in our insurance scheme whereby they are protected against the significant cost of being investigated by HMRC (see note 15). However, for those clients who choose not to be covered by this scheme we will charge a fee for handling investigations based on time spent. This will normally be invoiced on completion of the enquiry.

## **Note 8 - Expenses and benefits in kind paid to a non-fee earner**

We recommend that all expenses are claimed by the fee earner, rather than by a non-fee earner. If a non-fee earner claims expenses, or is paid benefits in kind, we will need to process these expenses and complete a P11D for that individual. We therefore charge an additional fee which will be invoiced after the P11D has been submitted.

## **Note 9 – Late delivery of accounting information**

If we need to, we will chase you for accounting information in the lead up to critical deadlines. If we have chased you twice, and the relevant information reaches us less than two weeks before a critical deadline or after the deadline, we will charge an additional accounting fee as this invariably involves paying overtime to our staff. The critical deadlines are for annual accounts, forms P11D, and personal tax.

## **Note 10 – Processing payroll**

We will process a monthly payroll for the principal director (fee earner) and one other employee if required and will email details of the computation to you within three working days of receiving your instructions. You and any employees should be included on the same pay runs.

We will make an additional charge if you wish for a third or further additional employee to be included on your payroll.

## **Note 11 - Late additions to March salary**

All salaries need to be processed and paid by the 5<sup>th</sup> April in the relevant tax year. The only exception to this is for those clients who receive IR35 income late in the tax year. For these clients there will be an additional pay run in April. For salaries processed after these deadlines, we will charge for an exceptional pay run and update to be filed with HMRC if applicable.

## **Note 12 - Employment Allowance**

Companies who pay two directors or employees above the secondary NI threshold may be eligible to receive an annual Employment Allowance (currently - £4,000) if they fulfil the following criteria:

- Either working in the private sector or performing less than 50% of the work in or for the public sector, in terms of time or turnover. However, this restriction does not apply to those supplying IT services for a government department or local council.
- The total qualifying employers (secondary) Class 1 NICs liability in the 2019/20 tax year must be less than £100,000.
- The de minimis state aid threshold must not be exceeded. From 6 April 2020 EA will operate as de minimis state aid. This means it will contribute to the total aid you are allowed to get under the relevant de minimis state aid cap in the relevant 3-year period.

We charge for administering retrospective Employment Allowance claims.

## **Note 13 - Auto Enrolment**

Auto enrolment is a government initiative designed to help people save for their retirement, with contributions being paid by both the employee and the employer. Most employers in the UK have a mandatory duty to enrol their employees into an auto enrolment pension scheme, and there are strict penalties for non-compliance.

If your company has two directors and neither has either a written or verbal contract of employment, then you do not have auto-enrolment duties. However, if the company has employees, then you do have auto-enrolment duties relating to the employees.

We offer an auto enrolment module, which is in addition to our standard payroll service. This includes advice on your auto enrolment duties, assessing your staff, calculating contributions, providing compulsory staff communications and processing opt outs, opt ins, postponements and joiners and leavers, all as is required by the legislation.



The first-year charge includes the setting up charge. Subsequent year charges are for those making auto enrolment contributions. There is no charge for those companies that do not make any contributions within a tax year (after the first year).

## **Note 14 – Personal self-assessment tax returns**

All company directors are required to complete a self-assessment tax return and include an employment page for that particular employment, regardless of whether there is any related income.

In the tax year when you leave full-time permanent employment, your tax return may be more complicated than normal. You may have unusual amounts of income, small amounts of income earned as a sole trader and items in your tax code that are no longer appropriate.

Our fees for completing your personal self-assessment tax return depend on the complexity of your affairs and include appropriate tax advice if required.

We will be pleased to give you a quote.

## **Note 15 - HMRC investigation fee-protection scheme**

HMRC have powers to request information and to make visits in connection with both company and personal tax affairs, and the number of companies and individuals whose returns are being disputed and who may then be investigated, regardless of their size and income status, is constantly increasing.

In addition, HMRC have a number of offices specifically tasked to address the avoidance of National Insurance, and they constantly upgrade their systems. We are aware of an ever-increasing number of enquiries relating to IR35.

In response to this, Competex has entered into an arrangement with Croner Taxwise Ltd to provide specialist tax support to participating clients in the event of an HMRC investigation. Clients wishing to participate in this scheme should contact Competex and not Taxwise.

## **Note 16 – Director's Service Address**

We offer you the use of our office address as your "Director's Service Address". This removes your home address from the public register at Companies House, gives you complete privacy, prevents unwanted mail and intrusive contact originating from this source, and reduces the likelihood of identity theft originating from the Companies House database.

This is not intended as an accommodation address and clients should continue to use their home address as their normal business address for all other purposes, including correspondence with the company's bank and with clients and suppliers.

## **Note 17 - Transfer from Competex to a new accountant**

We do not seek to bind clients to us for any particular period of time, and for the best of reasons a client may at some time choose to transfer from Competex to a new accountant. In these circumstances the new accountants will request extensive details from us so that they can carry on from where we leave off.

We aim to respond within a few working days, but this involves significant extra work on our part. Since we are fixed-fee accountants, we do charge a fee for this work.

## **Note 18 – Company closure**

If the company has never traded (i.e. has been dormant since incorporation), it can be struck off without preparing and filing any further accounts. However, if the Company has traded at any time it will first be necessary for us to prepare 'cessation accounts' to be filed with HMRC and Companies House. In this case we will charge our normal accounts fee according to the formula set out at the top of this document.

After the last accounts have been filed, the company may be closed by either of the following two procedures:

- (1) If the reserves in the company are less than £25,000, we can administer this on your behalf by making an application to the Registrar at Companies House, and for this we charge a standard strike off fee of £200 plus VAT to cover the necessary compliance issues relating to the closure of the company.



- (2) If the reserves in the company are more than £25,000, a Members Voluntary Liquidation (MVL) must be administered by a licensed practitioner who will charge his own fee. In addition to the liquidator's fee, an insurance bond must also be purchased which is payable through the liquidator. The cost of this bond is calculated according to a scale based on the value of the company assets at the time of liquidation, and normally amounts to just a few hundred pounds.

If the MVL is to be administered by a licensed practitioner, there are two options.

- Option 1 is for an 'economy' MVL. Here you work directly with the liquidator and we have no involvement in the process. In particular, no element of tax planning is provided, and it may therefore turn out to be a false economy.

We can recommend a choice of practitioners who are qualified to carry out this process.

- Option 2 is for an 'enhanced package' involving both the MVL and specialist tax advice to give you the most favourable outcome possible. In this case, the work is carried out by our chosen licensed practitioner in close liaison with our tax department.

In either case, in addition to the fee charged by the liquidator, we charge our own standard fee to cover the necessary compliance issues relating to the closure of the company.

Regardless of how your company is to be wound up, we would strongly advise you to discuss with us in advance what level of tax advice (if any) would be appropriate for your needs. Depending on the amount of funds left in the company, tax advice can be very beneficial, enabling you to take maximum funds out of the company while paying the minimum of tax.

If you would like us to give tax advice, we will require details of the latest tax returns filed by each shareholder and details of all household income for the current tax year. We will arrange for the tax fee to be allowed as an expense in your capital gains tax computation.

By way of summary, the costs involved in winding up your company will be as follows:

- For an 'economy' MVL, where you deal directly with the liquidator and we do not give tax advice:
  - Liquidators' costs vary and may be negotiable, but this is normally in the region of £1,500+VAT **plus** the cost of the insurance bond.
  - Our own standard administration fee to cover our own work, payable in addition to fees charged by the liquidator, amounts to £200+VAT.
- For the 'enhanced' package (at the time of writing), using our chosen liquidator with whom we liaise and to whom we pass instructions as to tax treatment:
  - If reserves are below £100k, the liquidator's fee is £2,000+VAT **plus** the cost of the insurance bond. If reserves are between £100k and £300k, the liquidator's fee is £2,500+VAT **plus** the cost of the insurance bond. If reserves are over £300k, the liquidator's fee is £3,000+VAT, **plus** the cost of the insurance bond.
  - Our own standard administration fee to cover our own work, payable in addition to fees charged by the liquidator, amounts to £200+VAT.
  - The cost of our own tax advice would generally be between £150+VAT and £350+VAT but will vary according to the complexity of your personal circumstances. We would be happy to discuss your needs and provide a quote.



## Fee paying options and change of “status”

### **Accounting periods**

The first accounting period will run from the date of incorporation to the end of the calendar quarter immediately prior to the first anniversary of the date of incorporation. Thereafter, each accounting period will normally run for a period of twelve months.

### **Arrangements for charging and paying fees**

In principle, all annual fees are payable by standing order in equal quarterly amounts at the start of each calendar quarter. These quarterly payments are on account of the total fee due for the whole accounting period.

Quarterly fees are initially based on the status of the company at the beginning of the accounting period and will be amended as appropriate during the year to take account of any change of status. Any reduction in our fees based on a client's low annual turnover will be refunded at the time of filing annual accounts.

Fees for additional and other ad-hoc services will normally be invoiced at the time of providing the service.

Please note that all fees will be charged in accordance with the Competex fees notice applicable at the start of your company's accounting period. Also, we may need to add to or amend our fee structure to take account of legislative changes.

### **Moving from being dormant to actively trading**

It is important that you notify us immediately when your company starts actively trading, as there are compliance issues that must be attended to in order to avoid HMRC penalties.

When your company moves from being dormant to being active during the accounting period, we will adjust the quarterly fees paid on account so that the appropriate total charge will have been paid by the end of the accounting period. Please note that this will involve a retrospective charge for earlier quarters.

While you are actively trading you will need to keep FreeAgent updated with accounts information.

### **Becoming inactive**

Please notify us when you become inactive, as there may be compliance issues to be handled.

We will require complete accounting information up to the date when you become inactive, but after that we will not chase you for further accounting information until the end of your accounting period.

Please note that unless you de-register for VAT, you must continue to file a VAT return. If at this stage you are no longer using FreeAgent, you should contact us to arrange how this will be done.

If appropriate, we will adjust our fees when you become inactive.

### **Dormant and inactive companies**

The fees we charge relating to dormant and inactive years cover the cost of all relevant compliance work and the preparation of accounts and filing with Companies House and HMRC. Fees for inactive years may be paid out of the company bank account if funds are available. For a company that has been dormant since incorporation, fees need to be paid other than from the company.

### **Help and advice to Clients**

We provide a fixed price service to clients who generally fit the profile of independent professionals. Almost all our clients are new to working for themselves and we are very happy to help and advise in any way we can.

However, we also acknowledge that some clients require more assistance than others and, while we are usually happy to provide this assistance, we may occasionally need to make a charge for excessive time spent replying to emails and answering telephone calls.

This is common practice when providing a fixed price service, and we will advise you if we feel that we have reached this point, but it applies to very few of our clients.