

9. Claims Procedure

- 9.1 We must be notified in writing of any Insured Event as soon as possible with the full particulars of any Claim. A Claim form must be completed and copies of correspondence received from the Tax Authority concerned must accompany the Claim.
- 9.2 No Claim shall be accepted unless it appears to us that an Insured Event has occurred and such acceptance shall be subject in all respects to the provisions of this Policy.
- 9.3 If the Policyholder requires authority to undertake immediate work telephone authorisation may be requested from us subject to a limit specified by us. A copy of the Tax Authority correspondence that has initiated the Claim must be received before authorisation can be given. We will confirm all authorised amounts in writing.
- 9.4 The Policyholder shall make available to us full particulars of correspondence or communications in relation to the Claim as per our Terms of Appointment.
- 9.5 The Policyholder must at all times co-operate with us, keep us up to date of the progress of the Claim and has a duty to minimise representation costs reimbursable by the Insurers.
- 9.6 Where Professional Fees are considered by us to be likely to exceed the levels of tax or duties being claimed; the Insurers may at their sole discretion make a settlement with the Tax Authority as opposed to paying for work to be undertaken but nothing in this policy shall require the Insurers to make a settlement.
- 9.7 We may at any time refuse to authorise further fee increases if it appears that there are no reasonable prospects of success or of substantial benefit to the Policyholder or Client.

10. Arbitration/Claims Procedure

- 10.1 If any difference or dispute arises between us or the Insurer and the Policyholder in relation to any provision of or matter under this Policy it shall be referred to and finally resolved by arbitration before a sole Arbitrator in accordance with the Arbitration Act 1996 as amended (save as the parties may expressly agree) and the President for the time being of AIDA Re-Insurance and Insurance Arbitration (UK) shall on application of either party appoint the Arbitrator in default of agreement between the parties.

11. General

- 11.1 The Contracts (Rights of Third Parties) Act 1999 shall not apply to this Policy and nothing in this Policy shall confer any rights upon any other third parties.
- 11.2 If any term of provision in this Policy shall in whole or in part be held to any extent to be illegal or unenforceable under any enactment or rule of law that term or provision or part shall to that extent be deemed not to form part of this Policy and the enforceability of the remainder of this Policy shall not be affected.

12. Law and Jurisdiction

This Policy shall be governed by the Laws of England and shall be subject to the jurisdiction of the Courts of England and Wales (subject to clause 10).

All Acts of Parliament within this policy include, as the case may be, equivalent legislation in Scotland and Northern Ireland.



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TAX WISE

Professional Insurance Policy



Protecting your business is our business

TIP 01/09/2006



Protecting your business is our business

Taxwise Professionals Insurance Policy

An Enhanced Tax Service for Accountant's Clients

THIS INSURANCE is underwritten by Irwell Insurance Company Limited, a Company regulated by the Financial Services Authority (FSA NO. 202897) and is administered by Peninsula Business Services Ltd (FSA NO.403589) as Authorised Representatives.

This is a 'Claims made' insurance and applies only to Claims notified to us in writing during the Period of Insurance.

1. Definitions

Claim - means a claim by the Insured during the Period of Insurance following an Insured Event

Claim Form – means such form as we may from time to time specify to enable the Insured to notify us of a Claim

Client – means a client of the Policyholder as declared to us.

Insured Event – means any Insured Event set out in clause 2 which occurs during the Period of Insurance any Insured Event shall include all matters relating to the same cause or enquiry including any enquiry into a later or earlier year's return when the current enquiry is still open.

Insurers – Irwell Insurance Company Ltd , a company regulated by the FSA (202897).

Period of Insurance – For a period as shown on the Policy Schedule and that has been paid for by the Policyholder.

Policyholder/The Insured – means the party as shown on the Policy Schedule.

Professional Fees – means costs, fees, expenses and other disbursements incurred by the Policyholder or other agreed third party by us. Following our acceptance of these costs prior to them being incurred.

Tax Authority/HMRC - shall mean H M Revenue and Customs (HMRC) within the territorial limits.

Territorial Limits – means within the United Kingdom of Great Britain and Northern Ireland excluding the Isle of Man and the Channel Islands.

We/Us/Our – Peninsula Business Services Ltd of Riverside, New Bailey Street, Manchester, M3 5PB. Also Authorised Representatives of Irwell Ltd by the FSA and administrators of this Policy.

You/Your – means the Policyholder/the Insured

2. Insured Event

The Insured Events are as follows:

Personal Full Enquiry – The issue by the HMRC of a formal notice under s9A of the Taxes Management Act 1970 notifying a full enquiry into all the non business affairs of the Client.

Business Full Enquiry – The issue by the HMRC of a formal notice under s9A or 12AC of the Taxes Management Act 1970 or paragraph 24(i) Schedule 18 of the Finance Act 1998, notifying a full enquiry and requesting to examine all the business books and records of the Client.

Personal Aspect Enquiry – The issue by the HMRC of a formal notice under s9A of the Taxes Management Act 1970 to enable them to enquire into the tax affairs of the Client which are restricted to one or more specific aspects. If this extension to cover has been taken out it will be shown on Policyholders Policy Schedule and will be subject to the appropriate excess as shown on the Policy Schedule.

Business Aspect Enquiry – The issue by the HMRC of a formal notice under s9A or 12AC of the Taxes Management Act 1970 or paragraph 24(i) Schedule 18 of the Finance Act 1998, to enable them to enquire into the tax affairs of the Client which are restricted to one or more specific aspects. If this extension to cover has been taken out it will be shown on Policyholders Policy Schedule and will be subject to the appropriate excess as shown on the Policy Schedule.

Employer Compliance Disputes - enquiries following an employer compliance visit by the HMRC which results in an expression of dissatisfaction with the Clients PAYE,P11D,P9Ds,and/or NIC. Together with status disputes under IR35.

VAT Disputes – a dispute following the issue by the HMRC of an assessment, written decision or statement of alleged arrears relating to VAT in respect of the Client.

3. Policy Provisions

3.1 Subject in all respects to the provisions of this policy, the Insurer agrees to indemnify the Insured in respect of any Insured Event for Professional Fees provided that the Professional Fees are approved by us in advance following acceptance of the Claim and are necessary for the purpose of dealing with the Insured Event. This includes the following services:

3.1.1 discussions, meetings and correspondence between the Policyholder and the Client and between the Policyholder and the tax Authorities.

3.1.2 preparation of the Client's case and representation of the Client at any HMRC hearing before General or Special Commissioners or VAT Tribunal.

3.1.3 subject to written approval by us any subsequent appeal by the Client.

3.2 The indemnity given in clause 3.1 shall be subject to the following:

3.2.1 The Insurer shall not be responsible for Professional Fees that are incurred:

3.2.1.1 in excess of the sums authorised from time to time by us;

3.2.1.2 as a result of the Client withholding any relevant information or providing the Policyholder with any information that is untrue; or

3.2.1.3 through the non-co-operation of your Client.

3.2.2 The maximum hourly rates used during the lifetime of the Claim will be in line with the rates agreed and shown on your Policy Schedule.

3.2.3 The maximum limit in respect of any Insured Event is shown on your Policy Schedule.

3.2.4 The Policyholder shall take all reasonable steps including the use of appropriate levels of staff to minimise the amount of Professional Fees incurred.

3.3 We may require the Policyholder to obtain at your own expense Counsels Opinion in relation to any Insured Event as to the virtues of a Claim or proceedings. If the opinion is positive then the Insurers will reimburse the costs of the Opinion.

4. Exclusions

The Insurer shall not be liable to provide any indemnity in respect of the following:

4.1 any Claim made or commenced outside the Territorial Limits;

4.2 Professional Fees incurred prior to the written acceptance of the Claim by us;

4.3 any facts or events that had occurred before the commencement of the enhanced tax service that either the Policyholder or the Client ought to have known;

4.4 the defence of or any matters relating to any criminal prosecution;

4.5 any investigations or enquiries by the HMRC's Special Civil Investigations Unit;

4.6 any investigation by the HMRC's National Investigation Service or carried out under Section 60 of the VAT Act 1994;

4.7 any Claim in respect of any return which is submitted outside the statutory time limits, unless the HMRC accepts the reason for the delay or in the absence of a tax return, the Client has notified the HMRC within the statutory time limits of chargeability to tax. This does not include provisional returns where they have been submitted before the statutory time limits and corrected afterwards unless outside of the extended time frame;

4.8 the payment of any taxes, duties, penalties, fines, surcharges, interest, damages or any similar liability imposed or claimed by any Tax Authority or any other body;

4.9 routine work involved with the preparation of accounts or statutory returns and reconciliation of any accounts records or returns;

4.10 any investigation or enquiry due to the Policyholder or Client having put in place any tax avoidance scheme;

4.11 any Claim where it becomes apparent that either the Policyholder or the Client has not given a truthful account of their affairs at the commencement of the enquiry, investigation or dispute thus relates to fraud or dishonesty;

4.12 any Claim for Professional Fees if either at the time of the Claim or during the course of the Claim the Policyholder or the Client is or becomes insolvent or if a Petition for Bankruptcy or Winding Up Order is issued against the Policyholder or Client or if either of these two parties enters into a voluntary arrangement, receivership or administration.

5. General Conditions

5.1 The Policyholder shall notify us in writing of any change in circumstances where a Client of the Policyholder is no longer a Client in that it may affect the Insurers assessment of the risk and upon notification the Insurers shall be entitled to withdraw cover or specify revised terms.

5.2 The Policyholder must be the Client's tax return agent when the investigation, enquiry or dispute commences.

5.3 The Policyholder shall use its best endeavours to ensure that the Client shall follow the advice of the Policyholder and act promptly and correctly as advised with the view to minimising the amount of Professional Fees incurred.

5.4 When an enquiry or dispute is in connection with IR35 legislation a written contract for services shall at all times be in place with the terms of the contract being strictly observed.

5.5 The Policyholder shall promptly inform us in writing of any Insured Event occurring and shall comply with the Claims procedure.

5.6 The Policyholder shall promptly notify us if the Policyholder becomes aware of any fact or matter in relation to the Client or any Claim which may result in any exclusion applying or which may constitute or result in a breach of these general conditions or of other provisions of this Policy.

6. Appointed Representative

6.1 We will appoint the representative to deal with the investigation, enquiry or dispute and who at all times must represent the Client according to our Terms of Appointment, which are issued following acceptance of the Claim by us.

6.2 The Policyholder shall not be or be deemed to be an agent or representative of either the Insurer or us. The Policyholder shall at all times act exclusively for and on behalf of the Client and (notwithstanding the payment of Professional Fees) nothing in this policy of insurance shall render the Insurers or us liable for any act or omission on the part of the Policyholder; whether in carrying out any function or providing any of the enhanced services or otherwise. The Policyholder shall at all times maintain comprehensive professional indemnity insurance and shall indemnify us and the Insurer from and against any and all Claims by any Client.

7. Claims for Costs and Damages

7.1 In any case where following an Insured Event costs may be recoverable from any party, we or the Insurer can request that the Policyholder takes in your Clients name all steps necessary to implement your Client's rights against any party at any time.

7.2 The Policyholder will pursue the Claim and will keep us fully informed of the progress of the Claim.

7.3 The Insurer will be entitled to any representation costs recovered up to the sums paid or payable by the Insurer in respect of the Insured Event.

8. Cancellation

8.1 We may cancel the insurance at any time by giving one month's notice in writing to the Policyholder and will refund the appropriate return premium.

8.2 The Policyholder may cancel the insurance at any time by giving one month's notice in writing to us or the Insurer and we will refund the appropriate remaining premium subject to an administration fee of the equivalent of one month's premium.

8.3 The Insurers shall be entitled at their discretion to withdraw cover and recover all Professional Fees paid if in the course of any Claim it becomes apparent that negligence, fraud or dishonesty on the part of the Policyholder or the Client has led to an Insured Event.