

## Frequently asked questions

### Q1 What kind of schemes are available?

You can opt for either a voluntary or comprehensive scheme. A voluntary scheme means that you add your clients individually, while a comprehensive 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.

### Q2 What other benefits are provided?

As a client of CCH 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 relationship manager 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.

### Q3 Do I get access to the CCH Tax and VAT advice lines?

Yes. TaxSure, TaxSafe, and Premier Protection clients do have access to the CCH Tax and VAT advice lines.

### Q4 Can both my practice and our business clients call the Business Support advice line?

Your practice and all those business clients who are part of your fee protection scheme have access to the CCH 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.

### Q5 What about excesses?

Our standard fee protection products have no excesses.

If, however, you wish to have an excess, this can be arranged and a premium reduction obtained.

### Q6 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 new revenue opportunity. You should bear in mind, however, that excessive uplifts may have a detrimental affect on your client relationship.

CCH charges 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 relationship manager will discuss your needs with you and advise you on the best way to market your scheme effectively.

### Q7 CCH is the exclusive appointed fee protection partner of ICAEW. What does that mean?

ICAEW has awarded 'partner' status to various providers of the products and services available to members across a broad range of areas. In each case the Institute has researched the market and chosen the provider they think offers the best value for money in their product area.

In January 2005, CCH was chosen by ICAEW as its exclusive partner for fee protection. This relationship was then renewed in 2008.

*continued on next page*

## Q8 Does CCH 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.

## Q9 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. Representation costs (other than administration costs) excluding VAT are paid, subject to a minimum of £50 per claim.

## Q10 What level of compliance will you expect for my client to qualify for representation?

For policies other than Premier Protection, your client's tax returns must be up to date.

For Premier Protection, 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.

## Q11 Do I need to be FSA 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 FSA for general insurance business.

Accountants who do not hold a DPB licence or who are not authorised and regulated by the FSA 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.

## Q12 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 land and property pages of a tax return, where the gross annual income from land and property rents is greater than £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.

## Q13 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 married partners or those in civil partnerships of Directors, Partners and Company Secretaries in respect of whom you are the tax return agent.

## Q14 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.

*continued on next page*

## **Q15** 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. CCH 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.

## **Q16** Why are clients with a turnover of £10 million to £25 million and in excess of £25 million calculated separately?

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.

CCH must be notified of ANY client with a turnover in excess of £10 million.

## **Q17** How soon before their renewal date should I contact clients?

We will contact you approximately three months before your renewal date to arrange a meeting 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 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.

## **Q18** I have a comprehensive scheme. One of my clients is subject to an enquiry but has not contributed to the costs of the scheme by paying us a 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 CCH.

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.

## **Q19** 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 CCH scheme, then the cover may be transferred with them. In these instances continuity of cover is maintained. This is NOT applicable to CCH schemes where the product is offered to clients as a service.

## **Q20** 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.

## **Q21** 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.

## **Q22** I know the fee protection products from CCH 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.

*continued on next page*

Frequently asked questions

## Q23 I have a regulated scheme. Why do you need to know my turnover and level of Professional Indemnity (PI) cover?

The turnover figure is required to fulfil an obligation to our regulator the Financial Services Authority (FSA) and relates to your potential access to the Financial Ombudsman Scheme.

If you offer insurance to your clients, you must be regulated for general insurance activities either by the FSA or via a Designated Professional Body licence (see Q19). Both require practices to have a minimum level of PI cover, which is higher than the minimum level for practices that do not offer insurance.

If you are unsure as to the level of cover you require to remain compliant, we recommend you seek guidance from your regulatory body.

## Q24 What kind of relationship does CCH have with DAS?

DAS has underwritten CCH policies since 1997, so we have a long and successful relationship with them.

CCH is authorised to underwrite and accept insurance risks on DAS' behalf and to handle claims arising from these insurances. This means that CCH is able to make and communicate claims decisions and pay your invoices quickly.

## Q25 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, CCH is able to arrange separate cover, also underwritten by DAS, for your ROI clients if required.

## Questions that relate to IPT and VAT...

Questions 26 to 29 provide answers to different general scenarios.

## Q26 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 your charge to your client and IPT will be due only on the amount of premium due to CCH for the insurance that covers your practice and underpins your fee protection scheme.

## Q27 Is there a difference in IPT treatment between Voluntary and Comprehensive schemes?

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

If your practice operates a Comprehensive 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 CCH, additional IPT will be due.

## Q28 What if I collect less than originally paid to CCH on a comprehensive 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.

## Q29 Can the treatment of IPT ever differ from this?

Yes. If you buy a comprehensive 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 CCH.

■ For more information, call CCH now on 0800 542 6648 or visit [www.cch.co.uk/feeprotection](http://www.cch.co.uk/feeprotection)