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Purpose

In an evolving landscape of research and development (R&D) tax credits, it is essential that tax advisers uphold the highest standards of integrity, professionalism, and compliance. This Code of Conduct serves as a guiding framework to ensure ethical practices, accuracy in claims, and transparency in client interactions.

As stewards of financial incentives designed to foster innovation, tax advisers play a crucial role in supporting businesses in their growth aims – and those of the UK economy as a whole.. This Code of Conduct outlines best practice, regulatory obligations, and ethical considerations that must be adhered to, both when advising on and submitting R&D tax credit claims.

By committing to this Code of Conduct and becoming a Member of the Federation, tax advisers demonstrate their dedication to responsible advisory services, mitigating risks of misrepresentation, and ensuring that R&D tax credits fulfill their intended purpose – to encourage genuine innovation while maintaining compliance with tax laws.

Normative References

The documents listed below are to be interpreted and utilised in accordance with this Code of Conduct:

- HM Revenue & Customs (HMRC) Standards for Tax Agents
- Professional Conduct in Relation to Taxation (PCRT) guidelines
- FERDA Members Handbook
- FERDA Disciplinary Protocols

Code of Conduct

This code is effective from INCORPORATION DATE and should be read in conjunction with the FERDA Members' Handbook dated INCORPORATION DATE.

The Federation's reputation rests on the reputation of its Members. This Code of Conduct helps protect the public by making sure that our Members maintain the highest ethical and professional standards.

Through its regulatory and compliance function the Federation monitors adherence to those standards and will act through its independent disciplinary process if those Standards are not met.

This Code of Conduct will be adaptable to future changes both in R&D activities and tax regulations.

1. Fundamental Principles of the Federation

A Member must in all its professional dealings act according to the Fundamental Principles of the Federation, as such always demonstrating:

Integrity:

- Act with honesty and transparency in all tax-related matters

- Ensure tax advice and filings are accurate and truthful
- Avoid any form of misinterpretation or deception

Professional competence and due care:

- Maintain up-to-date knowledge of tax laws and regulations.
- Deliver services with care, diligence, and professionalism.
- Ensure clients receive accurate and informed tax guidance.

Professional Behaviour:

- Adhere to HMRC regulations and PCRT standards.
- Cooperate fully with HMRC audits and inquiries.
- Never facilitate or promote aggressive tax avoidance schemes.

Objectivity:

- Provide impartial and unbiased tax advice.
- Avoid conflicts of interest and disclose any potential biases.
- Ensure tax planning is lawful and ethical.

Confidentiality:

- Safeguard client data in compliance with GDPR and HMRC privacy policies.
- Prevent unauthorised access or sharing of sensitive tax information.
- Handle tax disputes with professionalism and discretion.

To demonstrate the Fundamental Principles of the Federation, a Member must, as a minimum, adhere to the definitions of each of the above fundamental principles as set out in both the HMRC Standards for Tax Agents and the PCRT guidelines.

2. Code of Conduct Objectives

Compliance: Ensure greater adherence to regulations, reducing errors and fraud in R&D tax credit claims.

Transparency: Provide clear guidelines and requirements to facilitate a fair and unambiguous claims process for businesses.

Efficiency: Simplify the administration of R&D tax credits, making it both easier for companies to apply and for HMRC to verify claims.

Innovation: Encourage more businesses to engage in R&D activities, thereby contributing to technological advancements and economic growth.

3. Federation Member Information, Integrity, Objectivity & Impartiality

A Member must inform the Federation of all its standing data, consisting of the identity of its beneficial owners, officers and managers (BOOMs, as defined in the HMRC Economic Crime Supervision Handbook¹) and the Compliance Officer; changes in the 'fit and proper' status of its BOOMs or Compliance Officer, its registered address and trading address(es). Any changes to any of the data must be lodged with the Federation within 10 working days of the change. Members are required to submit a completed annual return to the Federation to confirm that the data is up to date, permitting the Federation to assess the regulatory risk applicable to the Member.

¹ <https://www.gov.uk/hmrc-internal-manuals/economic-crime-supervision-handbook/ecsh45791>

A Member must either be:

- 3.1 a United Kingdom registered company or United Kingdom registered limited liability partnership (LLP), collectively known as a body corporate, with at least one set of financial statements filed at Companies House and it must either demonstrate a solvent Statement of financial Position (balance sheet) or carry a level of professional-indemnity insurance capable of covering the value of potential individual and aggregate claims that could be submitted; or
- 3.2 a startup UK body corporate comprising at least one BOOM who is regarded by the Federation to be objectively experienced in the R&D-tax sector.

A Member must be of good standing and, through its actions or inactions in its professional dealings, must do nothing to bring the Federation or the tax-advisory profession into disrepute. BOOMs and the Compliance Officer must be 'fit and proper' and may not have any of the following:

- i. prior unspent fraud convictions;
 - ii. be an undischarged bankrupt;
 - iii. be a disqualified director; or
 - iv. be a disqualified designated member of an LLP.
- 3.4 All prior adverse disciplinary decisions from recognised professional bodies (as defined in the Members Handbook) must be disclosed to the Federation prior to joining. Such decisions and the facts of the case must be considered by the Federation's independent disciplinary team as part of the application process.
- 3.5 As noted in clause 2 any change in status must be notified to the Federation in the appropriate timeframe.

4. Ethical Marketing

- 4.1 Members must promote services ethically and truthfully, ensuring that marketing materials accurately reflect the services and qualifications of the Member.
- 4.2 A Member must not engage in false and misleading advertising and aggressive sales techniques. For the avoidance of doubt, a Member must never imply that it benefits from a relationship with HMRC that will lead to greater success in its claims.
- 4.3 A Member may refer in its business communications, including marketing material and on its website(s) to being a Member of the Federation, but it must never be stated or implied in any way that it is Federation approved.

5 Knowledge and Experience

- 5.1 A Member must be a registered tax agent with a relevant recognised authority under the Anti-Money Laundering Supervision protocol. A Member must additionally be registered for Money Laundering, Terrorist and Proliferation Financing (MLTPF) regulatory purposes with HMRC or a UK MLTPF professional body supervisor (as noted in the FERDA Members Handbook) and must comply

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with the MLTPF obligations in respect of prospective clients prior to commencement of an engagement and during the engagement, as required for those offering tax advice.

- 5.2 Tax advisers must comply with all relevant laws, regulations, and guidelines set forth by government authorities and professional bodies. This includes staying informed about changes in tax legislation and adhering to best practices in the field, in particular that which pertains to R&D.
 - 5.3 A Member must proactively communicate to clients with clear information about the definition of research and development (R&D) in the Department for Business, Energy and Industrial Strategy (BEIS)/Department for Science, Innovation and Technology (DSIT) guidelines and about where further information can be obtained from HMRC, specifically providing links to the BEIS/DSIT guidelines for their review. For the avoidance of doubt, the passive communication of such information through e.g. a website will not satisfy this requirement.
 - 5.3 A Member must be aware of and respond accordingly to defined R&D exclusions from tax credit claims and eligibility criteria.
 - 5.4 A Member must be aware of and act accordingly to the inherent risks associated with R&D Tax Credit Claims, it must also advise its clients of such risk.
- 6 Policy & Record Keeping
- 6.1 A Member must develop and adhere to a written compliance policy that, as a minimum, enforces the terms of the HMRC Standards for Tax Agents, of the PCRT and of this Code of Conduct.
 - 6.2 The written compliance policy must further set out the standards required of the Member, its BOOMs, employees and sub-contractors. One such employee must be named as the Compliance Officer whose responsibility it is to maintain compliance with the written compliance policy by the Member, its BOOMs, employees and subcontractors.
 - 6.3 A Member must ensure that policies and procedures required for the tax-claim process are documented, version controlled and communicated to all employees, consultants and sub-contractors. Policies which are required for the tax-claim process must be made available to interested parties upon their request. For the purposes of this clause, “interested parties” can include customers, suppliers, contractors, law enforcement and regulatory bodies.
 - 6.4 A Member must maintain accurate records, including records of advice, decisions and communications to ensure a traceable and verifiable audit trail.
- 7 Fees and Structures
- 7.1 Prior to engagement, a Member must inform the prospective client of its fee structures and duration of contract.

- 7.2 Prior to a prospective client's engagement, a Member must:
- 7.2.1 set out and, accordingly, commit contractually to its fee arrangements for its defence of an HMRC enquiry. This must explain whether such fees are included in the initial fee or if a supplementary fee will be charged, explaining clearly what that might amount to;
 - 7.2.2 proactively communicate to all prospective clients how they can access the Federation's complaints procedure as a route to potential disciplinary action against the Member;
 - 7.2.3 communicate to them its level of professional indemnity and run-off insurance cover, providing the name of the insurer, their address and the geographical coverage of the policy. Where no such insurances are held, this must be made clear to the prospective client;
 - 7.2.4 inform them and make the contractual commitment that, in the event of an HMRC enquiry into the claim it prepares on the client's behalf, it will defend the claim. Such defence must not be contracted out to a third party, but a Member may engage third-party experts to support it and its client in defence of the claim.
 - 7.2.5 inform them of the identity and qualifications of the individual who will be responsible for the qualifying-costs and, where applicable, tax calculations in the claim. The responsible individual must be a Chartered Tax Adviser, a Certified Accountant, a Chartered Accountant or a similarly qualified and/or professionally competent person (see definitions in the Members Handbook).
- 7.3 A client must be engaged by means of a formal engagement letter, which clearly sets out the agreed terms between the parties in full transparency.

8. Submission of Claims

- 8.1 Prior to submission, every claim a Member prepares must be subject to review by a BOOM and/or the Compliance Officer, which must be evidenced. A Member must fully apprise its clients of the methodology performed in its qualifying-costs and, where applicable, tax calculations, as well as the identity and qualifications of the adviser who has conducted them. The qualifying-costs and, where applicable, tax calculations provided must be a fair and accurate reflection of the value of the R&D undertaken. A Member must further fully apprise its clients of the personal responsibility the client's named officer holds for the submission of the tax-relief claim.
- 8.2 Tax credits should be remitted by HMRC to the client directly. In accordance with current legislation, under no circumstances may the Member receive tax credits due to clients from HMRC.
- 8.3 A Member must ensure compliance with specified deadlines for submissions for the tax-relief claim.

- 8.4 Prior to submission a Member must obtain sign-off by an officer of the client company for the report it has prepared. A Member must retain documentary evidence of client approval of the methodology and surrender such to the Federation upon request.

9. HMRC Enquiries

- 9.1 In the event of an HMRC enquiry that clearly demonstrates the Member has been at fault in its preparation of the claim, directly resulting in a reduction in the value of the claim, the Member must surrender a proportion of its fees commensurate to such reduction. Where such errors are, in good faith, a fair reflection of the information provided by the client, the Member will not be deemed to have been at fault under this clause.
- 9.2 A Member must take reasonable steps to record all material conversations with clients to ensure compliance with this Code of Conduct. In the event of a disciplinary process being pursued under this Code, such records must be surrendered to the Federation upon request.

10. Competence, Training and Development

- 10.1 A Member must ensure that R&D-focused tax advisers are competent, able to provide precise and up-to-date tax advice and that qualifications and/or credentials are valid and current. R&D-focused tax advisers must remain knowledgeable about current laws, regulations and ethical standards.
- 10.2 Continuous training and development programs for tax advisers shall be implemented internally by the Member and be regularly updated to reflect changes in law and industry best practice.
- 10.3 Training and development advancements shall be recorded.

11. Governance

- 11.1 A Member must ensure that a robust governance structure is established to review, monitor, measure, audit and evaluate results of claims procedures.
- 11.2 Governance reviews shall incorporate an assessment of legislative updates and changes.
- 11.3 Governance reviews shall encompass an evaluation of ongoing training and development activities.
- 11.4 Governance reviews shall include measures for gathering and addressing customer feedback and resolving complaints.
- 11.5 Governance reviews shall encompass an examination of tax-claim policies and procedures.

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- 11.6 Governance reviews shall include a review of required resources.
- 11.7 Governance reviews shall include an evaluation of compliance with this Code of Conduct.
- 11.8 Governance reviews shall identify opportunities for continual improvement and implement necessary enhancements.

12. Confidentiality & Security

- 12.1 A Member shall hold a legal responsibility to safeguard the confidentiality and security of their client's information and must ensure that sensitive data is protected in line with best practice standards.
- 12.2 A Member must ensure that respect for privacy is upheld, and that all information provided to them by their customers is treated as confidential. Customer information shall not be disclosed to third parties without explicit consent unless required to do so by law or professional duty.
- 12.3 A Member must ensure that communications with clients are conducted via secure channels to prevent unauthorised access.
- 12.4 A Member must ensure that data is stored and processed in accordance with data-protection regulations including the Data Protection Act 2018 and the Privacy of Electronic Communications Act 2003.
- 12.5 A Member must ensure that access to data is strictly controlled and on a need-to-know basis only. Access shall be granted to users on the minimum level they need to complete the requirements of their role.
- 12.6 Members must ensure that network, premises and device security and adequate to the level of risk and threat presented by the data they process.

13. Whistle Blowing

- 13.1 Members must ensure that a whistle-blowing Policy is in place and communicated to all employees, sub-contractors, consultants and any other individuals who are associated with the tax-advisory service. The policy shall address at a minimum:

- Fraud
- Corruption
- Bribery
- Tax evasion
- Insider trading
- Money laundering
- Conflicts of interest
- Violation of law or regulation
- Unethical behaviour
- Harassment and discrimination

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- 13.2 The whistle-blowing Policy shall explain how individuals can report concerns anonymously, where to report concerns, what information should be included within a report and how an investigation shall be carried out. Whistle blowers shall be protected from retaliation in all forms.

14. Internal Validation & Verification

- 14.1 A Member must ensure that internal data validation and verification checks are carried out prior to the submission of a tax-relief claim. The checks shall be designed to ensure that all supporting data and documentation required for the claim are accurate and complete.
- 14.2 A Member must ensure that at least once per annum, an internal audit is carried out to check compliance with this Code of Conduct. The results of the internal audit must be documented and made available to the Federation during quality-monitoring audits.
- 14.3 Non-compliance identified in the internal audit shall be root-cause analysed and corrected to prevent recurrence of the non-compliance.

15. External Validation & Verification

- 15.1 The Federation will undertake quality-monitoring audits to ensure that a Member is complying with the Code. The results of quality-monitoring audits must be documented and made available to the Member.
- 15.2 A Member must cooperate with monitoring audits; the first audit will usually be within six months of Membership being granted, subsequent audits will be undertaken at the latest within a period of three years since the last visit was concluded.
- 15.3 Where a Member is found not to have met the requirements of this Code of Conduct, a Minor Non-compliance (MinNC) will be identified and documented during the quality-monitoring audit.
- 15.4 When a Minor Non-compliance (MinNC) occurs, the Member must document root-cause analysis and corrective action planning to correct the issue and prevent it from reoccurring. The Member must then submit a Corrective Action Plan (CAP) to the Federation for review and acceptance.
- 15.5 The Federation may follow up corrected Non-compliances via further audit, to determine the effectiveness of the Member's Corrective Action Plan (CAP).
- 15.6 The Federation may identify a Major Noncompliance (MaNC) during a quality-monitoring audit; where this occurs, it shall be addressed by the Federation using the Disciplinary Protocols (see section 11).

16. Noncompliance

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- 16.1 In the event of major non-compliance with this Code of Conduct, or of any suspected legal breach, a Member must inform the Federation's Head of Compliance as soon as it comes to light. A Member must further inform the Federation's Head of Compliance of any event that might adversely impact its reputation. For instance, this includes, but is not limited to, legal or regulatory breaches, insolvency, or disreputable referral arrangements. A failure to do so may be considered an aggravating factor in future disciplinary procedures. Should it be called upon, a Member has a duty to cooperate with the Federation investigation and disciplinary process.
 - 16.2 Minor violations of this Code of Conduct will result in a fixed fine being issued by the Federation's Disciplinary Committee. Minor violations can include failure to submit the annual return on time or to respond to correspondence from the Federation within the specified timeframe.
 - 16.3 Where a Major Non-compliance with this Code of Conduct has taken place, the Compliance Team will investigate and assess the non-compliance before making a recommendation to the Disciplinary Committee as to the necessary sanction(s).
 - 16.4 Possible sanctions available to the Disciplinary Committee are detailed in the separate Disciplinary Protocols by which Members are also bound.
17. Review and Update of this Code of Conduct
- 17.1 This standard shall be reviewed annually to align with legislative updates and evolving professional standards. An oversight committee which includes stakeholders including business representatives, tax authorities and R&D professionals, is consulted on updates to this Code.