



BLACKTHORNS
CHARTERED ACCOUNTANTS

What is Making Tax Digital?

HMRC's attempt to transform the UK tax system into one of the most digitally advanced in the world.

Benefits include:

- ✓ Improved quality of record keeping
- ✓ Reduced likelihood of error due to less manual entry
- ✓ More efficient management of business affairs
- ✓ Less time gathering and inputting data

April 2019

Who is affected?

- ▶ Most VAT registered businesses with turnover above the VAT threshold (currently £85k excluding VAT)
- ▶ Those who are VAT registered with a turnover less than £85k may also sign up voluntarily

What happens?

VAT returns can be submitted either:

- ▶ Via HMRC's online VAT portal – entering numbers into a sheet
- ▶ Via software that is already MTD compliant

April 2019

What is changing?

- ▶ HMRC's online VAT portal is closing
- ▶ For returns that begin on or after 1st April 2019 submissions to HMRC will only be possible via MTD software
- ▶ Businesses must digitally record their VAT transactions and returns
- ▶ By April 2020 these companies must also have digitally linking software in place if more than one software solution is used

April 2020

Who is affected?

- ▶ VAT registered businesses with turnover below the VAT threshold
- ▶ HMRC's online VAT portal is closing
- ▶ VAT returns must be submitted to HMRC via MTD software
- ▶ Businesses must digitally record their VAT transactions and returns

April 2020 onwards

So what does the future hold?

HMRC have indicated that once MTD for VAT has been successfully implemented they will then move on to establishing MTD for:

- ▶ Sole traders
- ▶ Partnerships
- ▶ Landlords
- ▶ Trading Companies
- ▶ The exact date is yet to be confirmed.
- ▶ MTD compliant software will have to be used to keep digital records
- ▶ MTD compliant software will be used to submit quarterly updates to HMRC for both income tax and corporation tax purposes

What are digital VAT records?

For each purchase and each sale:

- ▶ Tax point
- ▶ Net amount
- ▶ Rate of VAT

Additionally:

- ▶ Business name
- ▶ Principal trading address
- ▶ VAT registration number
- ▶ Any VAT accounting scheme used

The following are not VAT records for the purposes of MTD:

- ▶ Invoices
- ▶ Stock records
- ▶ Transport documents
- ▶ Partial exemption calculations
- ▶ Capital goods scheme adjustments

How we can help

- ▶ HMRC public pilot scheme launched – we can help you sign up to ensure your system is compliant in advance
- ▶ We can provide guidance and support in moving to an MTD compliant digital record keeping system that is suited to your individual needs
- ▶ We can train your staff to ensure MTD compliance and to recognise VAT issues of each transaction processed
- ▶ We will help you manage your VAT return and submission
- ▶ We will provide peace of mind
- ▶ www.gov.uk has advice and details of MTD compliant software



BLACKTHORNS
CHARTERED ACCOUNTANTS