



Making Tax Digital for VAT



HM Revenue and Customs (“HMRC”) is introducing Making Tax Digital (“MTD”) for VAT from 1 April 2019.

New legislation

New legislation mandates that from 1 April 2019, VAT-registered businesses with taxable income in excess of £85,000 must maintain digital VAT records. In addition, the quarterly VAT returns must be filed with MTD compliant software.

In October, the Government announced their decision to delay the mandatory date to 1 October 2019 for a minority of VAT-registered businesses with more complex requirements. The deferral applies to the following sectors:

- Trusts
- ‘Not for profit’ organisations that are not set up as a company
- VAT divisions
- VAT groups
- Public sector entities required to provide additional information on their VAT return (Government departments, NHS Trusts)
- Local authorities
- Public corporations
- Traders based overseas
- Those required to make payments on account and annual accounting scheme users

MTD will not be mandated for income tax or corporation tax until at least April 2020. However ensuring that you adequately prepare for the VAT requirements will help you to future proof your systems, improve efficiency and the provision of

management information, as well as preparing for the income tax and corporation tax requirements which are likely to follow.

Digital records

Businesses will need to use software to keep their business records digitally. This may include dedicated record-keeping software or a combination of software packages and spreadsheets. We can provide more detail as to what constitutes digital records if required.

MTD compliant software

HMRC is working with software suppliers and ones which have tested and demonstrated their [products can be found here](#). If your current software supplier is not in the list, you should contact your current provider to understand their approach to MTD.

Use of spreadsheets

Excel spreadsheets are allowed and are considered to be digital records by HMRC. You would need to ensure there is sufficient detail in the spreadsheets to be compliant and the VAT summary schedule must be produced by using formulae – not by retyping the information.

Finally, you are likely to need additional software to allow the communications to and from HMRC.



HMRC online filing portal

For those businesses in the MTD regime, the HMRC online filing portal will be deactivated. That business can only file its VAT returns using MTD compliant software.

How we can help

If you do not currently maintain your records in a software package, we may be able to offer a cost-effective outsourcing package for you. Not only will you be MTD compliant, but you will also have access to business performance information in a more timely manner, helping you to run your business more effectively.

We can also discuss software packages that may be appropriate for you to use yourself and the best way to transition your information.



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