

MAKING TAX DIGITAL

THE LOWDOWN

Are you ready for the most important change to the UK tax system in the past 20 years? HMRC's Making Tax Digital is looming, starting with VAT. Read our lowdown to get started.

What? Who? When?



It'll soon become mandatory for businesses to keep VAT records digitally and submit VAT returns through accounting software.



Starting with MTD for VAT, which will apply to UK businesses that are VAT registered and above the £85,000 per annum turnover threshold.



VAT registered businesses have until April 2019 to be MTD compliant. Other areas of MTD won't be implemented until at least 2020.

Why?

BIG CHANGES: before MTD was announced, **only 11%** of businesses filed their VAT returns using digital software.

Although this change to UK VAT management will face many businesses with a hefty challenge over the next year, the long-term benefits will be invaluable to businesses and HMRC.



There will be less leeway for human error, inaccuracies and fraudulent activity.



Your VAT return will be filled out automatically with digital accounting software, saving you time and making it easier to meet deadlines. The workings behind the entries will not be submitted to HMRC.



The whole VAT process will become less disruptive and simpler for your business.



There is the opportunity to re-evaluate your business processes to streamline them and improve the management information available to you to assist in running your business.



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What do I need to do?

The steps you will need to make from here on are **dependent on your current method of VAT submission:**

I already use accounting software for VAT

Good news, you're a step closer to being MTD compliant. You just need to check that the software you're using is MTD compatible, and if not, make sure it is suitably upgraded.

I record my VAT using spreadsheets

You can still record your VAT using spreadsheets. However, you will need an API (application programme interface) or bridging software which can automatically supply HMRC with your returns figures. But, this route is still being developed and is not yet finalised. Alternatively, you may decide to convert to an accounting software for both recording and submitting information, which is currently our recommended route.

I use paper records for VAT

From April 2019, all records will need to be kept digitally and returns filed using HMRC compatible software. We can help you decide on the route best suited to your business and guide you along your digitisation process.

The next steps for your MTD journey

We'll guide you along every step towards Making Tax Digital compliancy.

NOW

Get in touch with us, so we can figure out the best course of action for you.

Together, we'll efficiently integrate MTD for VAT compliant software into your business.

THE COMING MONTHS

APRIL 2019

You'll be ready for the HMRC mandate for digital VAT management.

We'll prepare for the next steps for MTD for income and corporation tax (from 2020 at the earliest)

PRE APRIL 2020



Get in touch to get started

