

Making Tax Digital

From 1 April 2019 businesses who are required to be registered for VAT must record their accounting transactions digitally. So if your VAT quarter covers 1 March to 31 May 2019, your first quarter under MTD will be from 1 June 2019. More complex VAT returns such as group registrations or businesses who are required to make VAT payments on account have until October to become digital.

This may be by using one of the compliant software available, of which there are many to choose from. Alternatively, you can continue to use spreadsheets such as Excel to record your transactions. There will then need to be a digital link to summarise the transactions into the standard VAT return format and finally bridging software to submit this into the HMRC system. 'Cut and paste' is not an acceptable digital link. If you plan to continue to use spreadsheets we have the bridging software available to submit on your behalf.

- The current HMRC gateway to manually file VAT returns will no longer be available for businesses who are required to be VAT registered and within the remit of MTD for VAT. Returns will be filed through your software. (If you are voluntarily registered you can continue to submit VAT returns as previously).
- The majority of cloud-based accounting software will be compliant for MTD. However if you are using desktop versions of software it is likely that you will need to upgrade to the latest version to be compliant or purchase an 'add-on' for compliance. If you need advice on whether your software version is compliant or need details of pricing to enable compliance please do contact us & we can review with you.
- MTD isn't the complete upload of transactions to HMRC as was initially anticipated. HMRC will continue to receive the nine boxes worth of information as previously. You are required to record all transactions digitally. Each individual invoice must be recorded but you can summarise an invoice with multiple lines if they are in the same VAT period and at the same rate of VAT. If you use the retail scheme, you must keep a digital record of 'Daily Gross Takings'.
- For more complex VAT adjustments such as partial exemption calculations, these can be calculated manually & then they will need to be journaled into your accounting software.