

Making Tax Digital For Vat. Are you Ready?

With effect from, 1 April 2019 HMRC's flagship Making Tax Digital (MTD) programme starts. MD is designed to streamline tax administration, and starts with Value Added Tax (VAT) which requires 1.2m VAT registered businesses earning over £85,000 to keep their records digitally and submit online VAT returns

The new rules, first announced in 2015, mean that most businesses above the VAT threshold must file their VAT return using Making Tax Digital-compatible software for VAT periods starting on or after 1 April.

Latest HMRC figures indicate nearly 100,000 businesses have already signed up to the new service, with over 4,000 businesses joining each day.

Those who are already exempt from online filing of VAT will remain so under Making Tax Digital, and there is further provision for those who cannot adapt to the new service due to age, disability, location or religion to apply for an exemption.

HMRC say that tens of thousands of businesses have joined the MTD vat pilot over the last 6 months and have helped to test and improve the live service

What you need to do

Now is the time for those businesses affected by MTD who haven't done so already to begin preparing to switchover and being compliant with MTD for vat.

You don't necessarily need to sign-up from day one, but you do need to make sure you're keeping your records digitally for your next VAT period which starts on or after 1 April.

HMRC is emphasising that 1 April is not a cliff edge for sign-ups and those already using software will need to start by ensuring it is Making Tax Digital-compatible then sign up to the new service and authorise their software.

Digital records

HMRC has published fresh guidance on digital record keeping. This states that if a business uses more than one product to keep digital records, it will need to digitally link them together.

A digital link is a transfer or exchange of data between the products used to keep records. Businesses must have digital links between the products they use by 31 March 2020, unless they have a letter from HMRC informing them they are in the deferral group. Those in the deferral group, must have digital links between the products they use by 30 September 2020.

HMRC's advice includes details of which business records must be kept digitally, including details from suppliers and arrangements for those using schemes such as the flat rate scheme, gold special accounting scheme, marginal scheme or the retail scheme.

When do I need to Sign Up?'

Getting the timing right to sign up to Making Tax Digital is vital. That is why we have prepared a detailed illustration of when businesses should sign up to Making Tax Digital, covering the most common VAT staggers and whether they pay by direct debit. If we already act for you or your business, we will be getting in touch to let you know when it is time to sign up for MTD. For other readers, we would encourage you to review this, and HMRC's guidance on gov.uk, before signing up for MTD'

[Signing up for Making Tax Digital guidance](#)