

MAKING TAX DIGITAL FOR VAT

What is Making Tax Digital (MTD) for VAT?

MTD for VAT requires VAT registered businesses with taxable turnover above the VAT registration threshold to keep records in digital form and file their VAT Returns using software that supports MTD for VAT. HMRC have outlined details of the provisions and rules in VAT Notice 700/22: MTD for VAT.

Who does it apply to?

Any VAT registered entity with a taxable turnover over the VAT threshold, which is currently £85,000.

What happens if my taxable supplies are below £85,000, but I have voluntarily registered for VAT?

These businesses can continue to be voluntarily registered for VAT but do not have to comply with MTD. They can therefore continue to use the VAT Gateway for filing their VAT returns.

What is the format of the records I will be required to keep?

Certain VAT records will have to be maintained digitally, using compatible software. The VAT return will be calculated and submitted via an Application Programme Interface (API). This will comprise of either direct software, API enabled spreadsheets or bridging software.

When does it apply from?

MTD for VAT will apply to the first VAT period commencing on or after 1 April 2019.



1 April 2019

Businesses and organisations that are VAT registered and above the VAT threshold of £85,000 must maintain their accounting records digitally by using HMRC compliant software or via a spreadsheet using a functional compatible software product that can make use of HMRC's API platform.



1 October 2019

Those organisations with complex VAT arrangements, including the following will not be required to comply with the rules for MTD until this date:

- trusts
- not for profit groups
- VAT divisions and VAT groups
- public sector organisations
- local authorities
- public corporations
- overseas traders
- annual accounting scheme users
- businesses required to make payments on account



1 April 2020

MTD will not be required for other areas of taxation until the system is shown to work for VAT and not until April 2020 at the earliest.

CLOUD ACCOUNTING SOFTWARE AND MAKING TAX DIGITAL

Using cloud accounting software will ensure that you and your business are MTD compliant.

What is cloud accounting software?

Instead of saving your accounts information and other financial data on your desktop computer, cloud accounting software stores your information on remote servers. Data is sent to 'the Cloud,' where it is processed and returned to the user.

How can cloud accounting help my business?

Cloud software is incredibly flexible – it gives you access to information about your business' finances 24/7 anytime, anywhere – providing you have internet access you can log on and securely access information in real-time.

What are the benefits for me and my team?

By using online accounting software and utilising its various functions to deal with basic inputting and processing tasks, business owners can free up additional time to focus on running their business.

There are numerous cloud software options – how do I know which is right for me?

Unlike many firms, we are not tied in to one software provider. We can help you choose the right package for your business from the myriad of choices available on the market. We will always give you honest, unbiased information about the pros and cons of all the available packages, including, but not limited to:



What support and training can Milsted Langdon offer?

We can offer a wide range of support to clients, ranging from one-to-one training through to regular technical support via phone or email. However, should an issue arise, we can work in real-time with you over the Cloud to resolve the matter.



How we can help

Please get in touch with your usual contact for further information, or contact our Business Intelligence team at bi@milsted-langdon.co.uk to discuss the options available to you.

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