

## **Making Tax Digital for VAT - Frequently Asked Questions**

For more detailed information please refer to HMRC -

<https://www.gov.uk/government/publications/vat-notice-70022-making-tax-digital-for-vat/vat-notice-70022-making-tax-digital-for-vat>

### **Is Business Manager (including Cash Manager and Cash Focus) ready to go?**

All of our accounts software has been recognised by HMRC and is ready to use with MTD. Make sure that you have installed version 3.39 which was released in February and can be downloaded from the support area of our website.

### **Is the update to the program available to all customers free of charge?**

The MTD update is free as it is included as part of your support contract. If your support contract expires and is not renewed then you will no longer be able to submit your VAT figures via MTD.

### **If I install version 3.39 am I committed to MTD straight away?**

You can continue to calculate your VAT figures and enter them through the Government Gateway portal as before. You do not have to start using MTD until you are ready, or you have completed the first full VAT period after April 2019 when it will be mandatory.

### **Do I need to use a 'cloud based' accounts program to submit my VAT figures via MTD?**

PC based accounts programs like Business Manager are fine as long as they have had the new functionality added and are recognised by HMRC. You will need access to the internet for the actual submission.

### **Can I start making MTD submissions once I have signed up?**

You will need to wait until you have received an email from HMRC to say that your sign up application has been successful. Once you have received it you are ready to go – follow the instructions below to grant authority for Business Manager to interact with HMRC.



## Once I have signed up for MTD what do I have to do in Business Manager?

- Check that you are on the correct version of Business Manager (3.39 or later)
- \*Make sure that your current VAT period is the next one expected by HMRC. Check the VAT box on the Home Page
- Go to **Setup – VAT – MTD Settings**. Indicate that you are registered for MTD and click on Connect to HMRC
- Enter your Gateway ID and Password
- Grant Authority for Business Manager to interact with HMRC
- Enter your accounts' data as normal
- When this VAT period is complete, select the **Close VAT** option from the Home Page
- Click on **Close VAT and send Direct to HMRC**
- Take a **Backup** of your data

### **\*I have a large number of open VAT periods. How can I close all the old ones that have been previously submitted so that the next open period in Business Manager agrees with HMRC?**

If you only have a few periods to close, they can be closed manually (i.e. do not implement MTD until you are ready). If there are several to do, you may find it quicker to go to **Tools – Close Old VAT periods** where you can close them all at once. In either case make sure you take a backup before you close them.

### **How do I get a print out of my VAT return?**

You can tick the option to produce a VAT Return plus the VAT summary and VAT audit reports, if required, at the time of closing the VAT period. However if you would rather do them later you can reproduce them from **Inspectors – VAT** or the **Report Library**.

### **I get an error message when I try to do my first submission.**

When you go into the option to Close VAT, you will see a message on the screen saying **Checking Obligations**. If this fails with an error message, you may not have completed the sign up procedure properly. Remember that you must wait for an email from HMRC to say that your sign up has been completed successfully, which may take up to 72 hours. If you are an agent, have you linked your existing clients and have they signed up for MTD?

## **How can I check that my sign up has been successful if I have not had the email?**

Sign into your VAT account through the Government Gateway.

<https://www.gov.uk/government/publications/making-tax-digital-for-vat-service-availability-and-issues/making-tax-digital-for-vat-service-availability-and-issues>

## **How can I check that my VAT figures have been submitted to HMRC?**

You will see a message to say that they have been successfully submitted. HMRC send a receipt ID back to the program which is printed on the VAT return. You can see this and full details of the submission in **Inspectors – VAT**.

## **What exactly is sent to HMRC? Does the submission include transaction details?**

The only figures that are sent to HMRC are the 9 boxes from the VAT return. None of the transactions that went to make up these figures are included.

In addition a few security details are included to ensure that your personal data is not compromised. These help identify the machine that has initiated the request and include details such as the IP address, time zone, operating system etc. These details cannot be seen by, and are not stored by Farmplan. Similar information has always been collected when you entered your VAT details using the previous HMRC VAT portal.

<https://www.gov.uk/government/publications/transaction-monitoring-privacy-notice/transaction-monitoring-privacy-notice>

## **I make adjustments to the VAT figures at the end of the period – for example fuel scale charges or Partial Exemption adjustments. How do I incorporate them?**

Carry on exactly the same as before. If necessary the adjustments can be calculated away from Business Manager, for example using a spreadsheet, but, as before, they must be entered into Business Manager so that they are incorporated into the VAT figures that are being submitted. This is normally done in the form of a VAT journal.

## **What happens if I realise that I have made a mistake or forgotten to enter something after I have submitted the figures?**

Once you have agreed the legal declaration after clicking on the 'Send' button, your figures for this period are committed. HMRC does not allow corrections to be made. Any

corrections should be made in the following period and they will be incorporated on the next return. If you enter a transaction date in a closed VAT period, the program will warn you that the figures will be included in the next submission.

### **When should I backup my data?**

You must not restore data from an earlier VAT period as the figures have been committed when they were sent to HMRC and cannot be changed until the next open VAT period. We recommend that you make a backup of your data immediately **AFTER** you have closed the VAT period. You can then restore this at any point during the current VAT period if necessary.

### **I have always done my VAT monthly/quarterly. Do I have to change how often I submit my VAT figures?**

The frequency of your VAT submissions remains exactly as they were before and the due date is unchanged.

### **What is the latest date I can submit my figures?**

They are due one month and 7 days after the end of the period. For example If your VAT period ends on say, 30 April, then the VAT figures must be submitted, and any payment cleared, by the 7<sup>th</sup> June, regardless of whether your VAT period is monthly or quarterly. A warning will appear on the Home Page when you are within a week of the due date and will go red if you pass the due date.

### **How can I check if HMRC's service is unavailable?**

If you are experiencing any problems signing up for MTD or making a submission and you suspect that there is an issue with the service go to

<https://www.gov.uk/government/publications/making-tax-digital-for-vat-service-availability-and-issues/making-tax-digital-for-vat-service-availability-and-issues>

### **Error Messages**

There are a number of error messages that might be displayed if the MTD submission hits a problem. Check that you have signed up for MTD correctly and been accepted, the VAT period that you are submitting is complete i.e. it is not before the end of the period, is HMRC's service unavailable?

2 of the more common messages that we have encountered are:

**500 (Internal Server Error)** - this error is nearly always returned because the user has not waited the recommended 72 hours for their record to be migrated to the MTD service. This means when you attempt to submit your VAT, HMRC do not have any record of you being signed up for MTD. Do not submit your first MTD submission until you have received a confirmation email to say that you have been accepted.

**403 error (Client or Agent not authorised)** - There are multiple reasons this error can be returned but the majority are either:

- The agent didn't use their agent services account (ASA) credentials to link MTD VAT software
- The agent hasn't signed up to the ASA
- The agent has signed up but has not linked their clients
- The agent has signed up and linked clients but the customer hasn't subscribed to the Making Tax Digital service.