

## Signing up for Making Tax Digital with HMRC

### 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>

#### What is Making Tax Digital for VAT?

MTD is a government initiative to digitalise the UK tax system. It will take place in phases, starting with the electronic submission of VAT through compatible software from April 2019.

A number of useful videos have been produced by HMRC which can be found on their help and support page.

<https://www.gov.uk/guidance/help-and-support-for-making-tax-digital>

#### Who will it affect?

Most businesses and landlords with taxable turnovers in excess of the VAT threshold (currently £85,000) will have to keep digital records and submit VAT returns digitally from the first complete VAT return period starting on or after **1st April 2019**. There are a small number of entities which have a deferred entry date of 1<sup>st</sup> October 2019 but you will have been contacted if this applies to you.

#### Can I sign up for MTD if I am VAT registered but under the threshold?

You can use MTD voluntarily if you are under the threshold. The old method will still be available to you but once you have registered for MTD you must use the new process.

#### What happens if I hit the VAT threshold of taxable turnover of £85000?

Your taxable turnover is based on a 12 month rolling figure. Once it reaches £85000 you must register for MTD. If your turnover subsequently falls below this threshold you will remain in MTD.

#### How do I calculate my taxable turnover? Is my BPS or ELS grant included?

Taxable turnover includes standard rate, reduced rate and zero rated supplies.

Exempt supplies and outside the scope transactions are excluded from taxable turnover. BPS and ELS grants are both outside the scope so not included.



**What does Digital Record Keeping mean? Does keeping digital records mean that I have to store electronic copies of any invoices and statements?**

You are already keeping your records digitally if you use one of our accounts' packages. It is not necessary to store any invoices digitally. Keeping digital records means using a software package or spreadsheet with bridging software rather than keeping accounts records manually on paper. However you may wish to look at the new option to link to a 3<sup>rd</sup> party application called [Receipt Bank](#) which will store your documentation electronically and pre-code transactions before they are imported into Business Manager.

**If I have a farm shop do I need to digitally link my till to my farm accounts software?**

Businesses operating a Retail Scheme will be able to record gross **daily** takings and enter these figures into their accounting software manually. If you are unsure as to whether this applies to you please talk to your accountant

**I have heard that there will be a 'soft landing' approach to MTD for the first year?**

MTD is mandatory for every business that qualifies from the dates below. For the time being default surcharges will be applied for late submissions in the same way as at present.

However, HMRC are taking a more relaxed view about transferring figures from another source before doing the submission i.e. using a digital link. They will allow a 'copy and paste' approach to manually incorporate the figures for the first year. However this is not necessary when combining figures from another source into Business Manager as we already have an approved digital solution. Please contact us for more details.

**When do I start to use MTD?**

You can continue to use the existing process before April 2019, however you may wish to register to use the MTD process straight away through HMRC's pilot scheme.

The majority of VAT registered businesses must use the new MTD submission process for the first complete VAT period starting on or after 1 April 2019.

For example:

| <b>VAT Period</b>            | <b>MTD mandatory and digital records must be kept from</b> | <b>MTD submission due by</b> |
|------------------------------|--|------------------------------|
| 1 April 2019 - 30 April 2019 | 1 April 2019   | 7 June 2019                  |
| 1 April 2019 - 30 June 2019  | 1 April 2019   | 7 August 2019                |
| 1 May 2019 – 31 July 2019    | 1 May 2019   | 7 September 2019             |

|                              |             |                |
|------------------------------|-------------|----------------|
| 1 June 2019 – 31 August 2019 | 1 June 2019 | 7 October 2019 |
|------------------------------|-------------|----------------|

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

#### Note

- Only businesses with taxable turnover over the VAT threshold are mandated.
- For list of deferred business types, see GOV.UK – all have been notified by HMRC.

#### **How do I know if my business has been deferred?**

Businesses that fall into one of the following categories have been deferred until October 2019 but HMRC will have contacted you directly if you have been deferred.

- trusts
- ‘not for profit’ organisations that are not companies (this includes some charities)
- VAT divisions
- VAT groups (the deferral applies to the group registration only and not to any group companies that are not covered by the group registration)
- public sector entities that are required to provide additional information alongside their VAT return (such as Government departments and NHS Trusts)
- local authorities and public corporations
- traders based overseas
- those required to make payments on account
- annual accounting scheme users

#### **If I have been deferred can I sign up now anyway?**

Many of these businesses can still sign up now if they want. If you want to proceed now have a go at signing up. You will be notified if your sign up request has been successful or unsuccessful.

#### **My business is not deferred. Can I join the pilot pre April 2019?**

All other businesses can join MTD from now onwards. Initially there were some restrictions on certain business types but these have now been lifted.

### **Some businesses are exempt from MTD – how do I know if I am one of them?**

Unless you are under the VAT threshold of £85,000 of taxable income and your business type is not deferred then it is unlikely you are exempt. There is an exemption in the regulations which covers those who are unable to file digitally due to age, disability, location or lack of IT skills however existing exemptions for online filing are being carried over, so if you are not exempt from online filing now you will not be likely to claim exemption from MTD.

Current exemptions will be automatically carried across to be applied to MTD for VAT.

Please contact HMRC for more details.

### **Once I have signed up for MTD can I carry on using the old method until I am ready to start?**

Once you have signed up for MTD you must use the new process. You cannot revert to the old method.

### **When can I sign up?**

If you pay by Direct Debit, you must allow:

- 5 working days after your last non-MTD return before signing up; and
- 6 working days after signing up before submitting your first return under MTD.

If you pay by other methods, you must allow:

- 24 hours after your last non-MTD return before signing up; and
- 72 hours after signing up before submitting your first return under MTD.

### **How do I sign up for MTD?**

The link is currently <https://www.gov.uk/guidance/use-software-to-submit-your-vat-returns>  
Alternatively, go to [www.gov.uk](http://www.gov.uk) and search for **Use software to submit your VAT Returns**.

HMRC have also produced a video that will lead you through the process.

### **[How to sign up for Making Tax Digital for VAT?](#)**

Follow the instructions on the screen. The exact process will depend on your business type but you will need to enter your Government Gateway ID and password, after which you will be led through a series of questions to verify your application. Wait for a confirmation email from HMRC to say that you are ready to go – this may take up to 72 hours.

**I am not sure of the some of the answers that I am asked during the sign up procedure – for example which post code do they have my business registered to?**

Log 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> and check your contact details in there. If this does not resolve it then you will need to contact HRMC directly <https://www.gov.uk/government/organisations/hm-revenue-customs/contact/vat-online-services-helpdesk>

Their help line can be contacted on **0300 200 3701**.

**If I have signed up for the pilot, will I need to sign up again when MTD for VAT goes live in April 2019?**

Once you have signed up and been accepted you are committed to MTD for the next 18 months and you will not have to do anything else.

**Will I be automatically signed up for MTD after 1 April 2019?**

You (and your clients, if you are an agent) will not be automatically migrated to MTD. You will need to go through the sign up procedure even when you pass the date where it becomes mandatory for your business to submit your VAT figures under MTD.

**Our data is on a network and accessed by more than one user. Do we all have to grant authority for MTD?**

Authority is granted for each business/computer combination so if you have more than one person who accesses the data from different computers, each person who needs to do the VAT submissions should 'Grant Authority' from the **Setup – MTD Settings** option within the program. Anyone using the data but not doing a submission does not need to 'Grant Authority'.

**Will I have to do anything if I buy a new computer?**

You will need to 'Grant Authority' again from the **Setup – MTD settings** option within the program, as it is done per machine.

**How long does this authority last?**

Your registration for MTD for VAT lasts for 18 months. It will need to be renewed in 18 months' time.

**I am Agent and submit VAT figures on behalf of my clients. How do I register?**

You will need to apply for an Agent Services Account (ASA) if you do not have one already.



The following video will guide you through the ASA sign up process.

[Creating an Agent Services Account](#)

You will be given the opportunity to link your existing clients to your ASA. Each client must also be signed up for MTD. When you connect to HMRC through the program, input your ASA ID and password.

Go to <https://www.gov.uk/guidance/making-tax-digital-for-vat-as-an-agent-step-by-step> for more details.

