

Making Tax Digital for VAT

From 1st April 2019, all VAT registered businesses with turnover above the VAT threshold (currently £85,000) will be required to:

- Maintain digital records (for VAT purposes only);
- Provide their VAT information to HMRC using third party commercial software

This includes:

- Unincorporated businesses
- Companies
- LLPs
- Charities

VAT registered businesses below the threshold can file their VAT information through MTD if they wish. Initially, there will be no change to the filing or payment deadlines, or to the basic information submitted to HMRC.

In this fact sheet we cover the main points you should be aware of with the changes.

Software

The biggest challenge in the move to a digital system will be the availability of suitable software. The regulations will require any business within the scope for MTD to use 'functional compatible software' to meet the new requirements. HMRC have stated they will not provide free software. However, they are working closely with software providers to ensure a

wide range of options will be available.

The software you use must be able to:

- Keep required records in a digital format;
- Preserve those records in digital form for up to 6 years;
- Create a VAT return from the digital records;
- Provide HMRC with this data on a voluntary basis;
- Receive information from HMRC about the business' compliance record via the Application Programme Interface (API) platform.

Digital Records

There will be no requirement to keep supporting documents, such as invoices and receipts, in a digital format. However, businesses will need to store transactional information digitally, including the time and value of each supply, together with the applicable VAT rate.


Retailers within the VAT retail schemes will be able to keep a record based on their daily gross takings, rather than recording details of individual transactions.


Businesses will still be able to use the flat rate scheme under MTD, meaning digital records of purchase invoices will not be required (unless they relate to capital items which cost more than £2,000 including VAT).

Continued overleaf

We welcome the opportunity to help you find solutions to your challenges and explore business opportunities.

 mooreandsmalley.co.uk

 @MooreandSmalley

 Offices in: Preston, Blackpool, East Midlands, Kendal, Kirkby Lonsdale, Lancaster, Liverpool, Manchester and Southport

An independent member of

 INTERNATIONAL

If you would like to discuss this in further detail, please get in touch with our friendly advisors below.

Contact Us

Victoria Dadswell
Tax Director

T: 01524 62801

E: victoria.dadswell@mooreandsmalley.co.uk



Judith Dugdale
Corporate Services Director

T: 01772 821 021

E: judith.dugdale@mooreandsmalley.co.uk



mooreandsmalley.co.uk

Supplementary Data

HMRC has made it clear that there will be no requirement to submit more information than is included on the current VAT return. However, businesses will be able to submit supplementary data voluntarily. They have said that providing extra information will have benefits for business as well as for HMRC itself. This could be the case if the provision of additional information allowed HMRC to deal more effectively with a business' VAT affairs, but this will depend on details yet to be finalised, and the ease of businesses to submit any additional information.

What should you be doing now?

Larger businesses with their own internal IT teams should be liaising with the head of the Finance and Tax Departments to ensure that they are aware of the coming changes and that systems are being developed to cope with these changes.

Smaller businesses should contact their accounting software provider to establish what offering they have and how their package will change to meet the requirement of 'functional compatible software'.

How can we help?

At MHA Moore and Smalley, we offer a wide range of services and support to help you become MTD compliant.

We can explain how Making Tax Digital for VAT affects you, help you find a digital solution, submit quarterly submissions to HMRC and provide provide training for your team.

Moore and Smalley LLP is a limited liability partnership that is registered in England and Wales under registration number OC313896 whose registered office is Richard House, 9 Winckley Square, Preston, Lancashire, PR1 3HP. The term "partner" indicates a member of the LLP who is not in partnership for the purposes of the Partnership Act 1890 and a list of members is available from the registered office. The LLP trades as MHA Moore and Smalley and is registered to carry on audit work in the UK by The Institute of Chartered Accountants in England and Wales and is authorised and regulated by the Financial Conduct Authority. Moore and Smalley LLP trading as MHA Moore and Smalley is a member of MHA, an independent member of Baker Tilly International Limited, the members of which are separate and independent legal entities. Baker Tilly International Limited is an English company. Baker Tilly International provides no professional services to clients. Each member firm is a separate and independent legal entity, and each describes itself as such. Moore and Smalley LLP is not Baker Tilly International's agent and does not have the authority to bind Baker Tilly International or act on Baker Tilly International's behalf. None of Baker Tilly International, Moore and Smalley LLP, nor any of the other member firms of Baker Tilly International has any liability for each other's acts or omissions. Arrandco Investments Limited is the registered owner of the UK trade mark for the name Baker Tilly. The associated logo is used under licence from Baker Tilly International Limited. Moore and Smalley C.A. Limited is a limited company that is registered in England and Wales under company number 5373155. Its directors are Deborah Wood FCA and Christine Wilson FCA and its registered office is Richard House, 9 Winckley Square, Preston, Lancashire, PR1 3HP. Moore and Smalley C.A. Limited is a wholly owned subsidiary of Moore and Smalley LLP and trades as MHA Moore and Smalley. Moore and Smalley LLP (Black-pool) is a member of AISMA, Association of Independent Specialist Medical Accountants. Moore and Smalley C.A. Limited (Nottingham) is a member of AISMA, Association of Independent Specialist Medical Accountants.

Now, for tomorrow