

VAT Return Submissions

Voluntarily Registered Businesses Changes from April 2021

VAT registered businesses with turnover above the VAT threshold were mandated into the MTD regime in April 2019, with these businesses now submitting quarterly updates, keeping digital records and using MTD compatible software. In a recent, not widely publicised, update from HMRC, there will be a change in how VAT returns are submitted for those under the VAT threshold who are voluntarily registered, from April 2021.

The change sees the end of the current VAT mainframe for VAT return submissions. Businesses who are not yet signed up to MTD will be required to make the following choice:

1. Submit your VAT returns yourself through your Business Tax Account or,
2. For an agent to continue filing your returns from April 2021, you will be required to sign up to MTD and comply with all the MTD rules in place.

For any customers using XML to file VAT returns this will also no longer be compatible and a change will be required from April 2021.

Whilst there is no legal requirement for voluntarily registered businesses to sign up to MTD until 1 April 2022, this change will likely push many businesses to make the transition sooner than planned.

Initially, changing software for keeping records and filing returns may require financial investment and it will take time to learn and adjust business practices. Once the initial settling period is over, the use of MTD compliant software can provide a number of benefits, such as:

- A reduction in input errors
- Faster bookkeeping
- Automatic upload of information
- Quick and easy tax position
- Using the software to assess business performance and create forecasts

At MHA Moore and Smalley we have assisted a large number of our clients to become MTD compliant and also understand the potential benefits. For those looking to make the change now, please contact a member of our team and we will be happy to assist.

Further information on the full requirements for MTD can be found here:

<https://www.gov.uk/guidance/making-tax-digital-for-vat>

The full publication from HMRC can be read here:

<https://www.tax.org.uk/sites/default/files/Final%20version%20sent%207%20Oct%202020.pdf>

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