

# Making Tax Digital (MTD)

The mandatory regime – what you need to do and when you will have to do it



# What we will cover:

- What is MTD?
- Key deadlines
- What is required?
- What are the exemptions?
- Practical implications and the future
- Action to take
- Software options
- How can Simpkins Edwards help?

# What is MTD?

- HMRC vision for all '**regular**' taxes to be digital
- Reduction in **human intervention** in record keeping
- Records captured in some type of **digital form** – no more paper
- More '**real time**' visibility for HMRC – but also for you
- Primary drive is VAT and MTD for business
- Quarterly reporting for **all taxes** is the 'end game' –clearer view of tax position in year.

# Key deadlines and timelines

- **From 1 April 2019**

VAT submissions only

- All businesses with taxable (VATable) turnover >£85,000
- First VAT period starting on or after 1 April
- If turnover goes over threshold – register for VAT and MTD from 1<sup>st</sup> return
- If turnover falls below threshold, don't fall out of MTD

# Key deadlines and timelines

- **From April 2020** at the earliest
  - VAT – voluntarily registered
  - All businesses with taxable (VATable) turnover <£85,000
  - Income tax – pilot in progress but limited software available
  - Any unincorporated trade (or landlord) above the exempt turnover level - £10,000?
  - Corporation tax – no details yet
  - Not before system ‘shown to be working well’

# MTD VAT returns

- HMRC will only see the same 9 boxes as they always have
- Optional to send additional information
- Keep same intervals (quarterly, monthly, annual returns)
- Deadlines for submission one month and one week for now
- Pilot in progress with HMRC for Agents

## Examples

Monthly submissions: first MTD VAT submission is likely to be **for month of 30 April 2019 with a deadline of 7 June 2019**

Quarterly submission: VAT period 1 April 2019- 30 June 2019:  
first MTD VAT submission deadline is **7 August 2019**.

# Key requirements: Digital records

- Must have **‘functional compatible software’**
  - Access to internet/cloud
  - Spreadsheets will need bridging software
  - Multiple packages need digital link
  - ALL must connect to *Application Programme Interface* (API)
  - No free software
  - List of available software shows only 1 bridging package
  - Only the total adjustment has to be digital (e.g. fuel scale charge)
- Digitally captured records
  - Transaction only, not source material
  - Keep for 6 years is still required

# Exemptions

- Commissioners/HMRC must be satisfied that:
- It is not 'reasonably practicable' to use digital tools
  - Disability
  - Geographical remoteness
  - Age
- Not likely to be exempt purely due to 'bad broadband'
- Also other exemptions (not likely to apply):
  - Religious grounds
  - Subject to insolvency proceedings

# Practicalities

- No more manual cashbooks or paper
- Agents (us) can still submit for you
- Can still calculate manual adjustments (such as PE)
- What HMRC sees won't change (at least initially)

# The future

- All VAT wholly digital
- Quarterly submissions for income tax
- A 'fifth quarter' – to include year end adjustments
- What HMRC sees will likely increase (but still not everything)
- Low level of exemption once full mandation comes in
- No change to deadlines for payment of tax
- Points system for penalties
- Initial 'soft landing' for penalties

# Action to take

- Act now or from your next accounting period
- Ascertain if existing software is compatible
- Talk to us or your accountant and explore your options with cloud software options
- Give yourself time to learn new software before MTD becomes mandatory
- Attend a training session available through Simpkins Edwards

# What are the advantages?

## Bookkeeping software

Current business performance

Track outstanding invoices

Immediate financial decisions

Reduce errors

Improves cashflow

Tailored reports

## Cloud software

Time saving features

Automatic back-up

Real time support

Secure access anywhere

Connect other software

Connect with accountant

# Software solutions



- **DESKTOP** offering well known
- For now – v24 onwards can submit VAT online
- Slowly removing support for older versions
- No longer available to buy through Sage

**sage** 50c

- **DESKTOP with CLOUD LINK**
- Remote access and MTD compliance whilst still keeping a desktop 'hub'
- £20-£125 per month
- Bank feed link

**SageOne**

- **CLOUD**
- 2 levels – developing all the time
- Priced at £4-£15 pm
- Great cashflow report
- 24/7 - telephone and email support—UK based, tutorial videos, online FAQ, web chat advice 9-5 Monday to Friday

# Software solutions



- **CLOUD** only
- Email only support and tutorial videos
- Employee Expenses facility
- More expensive £10-£27.50 pm + VAT
- Connections to '000s of bolt on apps
- May charge an additional monthly cost for connecting certain bank accounts.

# Software solutions



## DESKTOP

- For now version 2015 onwards will be MTD compatible at present
- Fewer time saving features
- £24 per month

## CLOUD

- Varying levels to suit most businesses
- Priced very competitively £4-£15pm
- Excellent App and connections to '000s of bolt on apps
- Support 24/7— UK phone in work hours, tutorial videos, live chat and support site, online FAQ
- Free connection for bank feed



# Apps



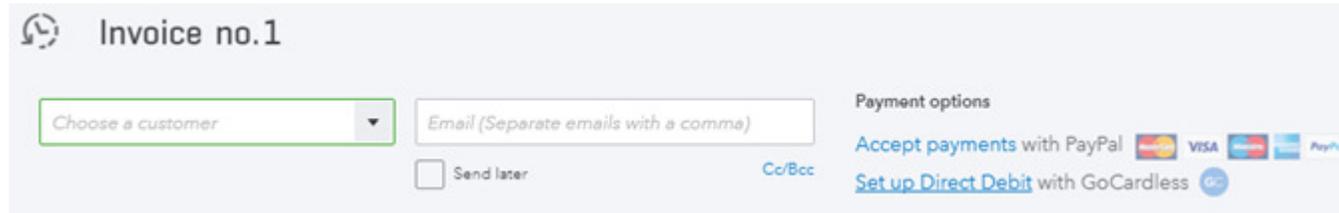
- Available for iPhone and Android
- Photograph invoices and attach to transaction
- Has majority of functionality as on browser

## AutoEntry

- Photograph invoices with Smart phone or Tablet
- Recognised, verified and processed by software
- Image attached to transaction
- Transaction posted in to bookkeeping software
- Fully integrated with most cloud software options

# Other Apps to improve cashflow

Whole range of integrated Apps found at [www.apps.com](http://www.apps.com)



Invoice no.1

Choose a customer  Email (Separate emails with a comma)

Send later [Cc/Bcc](#)

Payment options

[Accept payments with PayPal](#)     

[Set up Direct Debit with GoCardless](#) 



Accept payment with PayPal

**GOCARDLESS**

Automated payment collection with DD's.

**iZettle**

Immediate payment facility (integrated with Xero)

**CHASER**

Credit control assistance

# How Simpkins Edwards can help

- Help choose the right cloud-based software for you
- Set up the license specific for your business
- Train you on the software
- Provide ongoing training and telephone support
- Review your VAT Returns prior to submission
- Or provide full bookkeeping service
- Ensure full compliance with HMRC

And the opportunity for real-time management information to help with decision making for your business.

# Any questions?

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