

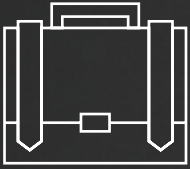
Making Tax Digital

Making Tax Digital (MTD) is the biggest change to the UK tax system in a generation. But who does it affect and how can you prepare for the changes?

What is Making Tax Digital?

Making Tax Digital (MTD) is a move by the UK government to introduce a modern streamlined tax system that makes it easier for businesses and individuals to keep their tax records up to date and transfer information to [HM Revenue & Customs \(HMRC\)](#).

Each business or individual will be assigned their own Digital Tax Account (DTA) which will allow them to check their records and manage information.



QUARTERLY UPDATES

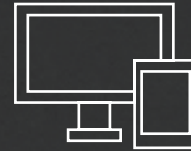
MTD introduces quarterly updates to HMRC detailing your income, expenditure and profit for the quarter to your Digital Tax Account (DTA).



NO QUARTERLY TAX RETURNS

MTD is NOT quarterly tax returns.

An end of year declaration will need to be completed at the end of the 12 month period which summarises the quarterly submissions.



ACCOUNTS SOFTWARE

MTD will need to be done via accounts software or apps integrated with your Digital Tax Account.



MTD – what you need to know

WHAT IS MY DIGITAL TAX ACCOUNT (DTA)?

Your DTA is similar to your online bank account. This is a secure area where a business can see all of its tax details in one place and interact with HMRC digitally.

HMRC started testing individuals Digital Tax Accounts from April 2017, with them being accessible already. For help accessing yours and for information on what it shows, please contact us and one of our MTD experts will be happy to talk you through it.

WHO DOES MTD AFFECT?

The first significant Making Tax Digital (MTD) deadline is getting closer. From 1 April 2019, VAT registered businesses with a turnover above the £85,000 VAT threshold will need to keep records digitally and submit VAT returns to HMRC using MTD compatible software.

MTD is being phased in over the coming years – see our key dates on page 5 for who it affects and when.

WHAT DO I NEED TO DO TO PREPARE FOR MAKING TAX DIGITAL?

Think about your records, are these on software packages that are compatible with digitalisation?

Talk to us, we can help you. We have expertise in the various online accounting packages available and can help train you in their use. We also offer accounting services, VAT services and outsourced bookkeeping that can help you to prepare for MTD.



IS ANYONE EXEMPT?

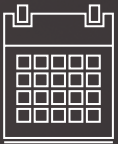
- Unincorporated businesses with annual sales between £10,000 and the VAT threshold will be given until April 2020 to prepare for MTD.
- Those who are digitally excluded. This is based upon religion, disability, age and remoteness of location. However to be classed as digitally excluded is assessed on a case by case basis.

ARE THERE ANY BENEFITS OF MTD FOR MY BUSINESS?

Businesses should see MTD as an opportunity to improve their efficiencies and embrace the digital world – keeping real time information helps you to understand how your business is performing. There are a number of other benefits to small businesses:

- Improved quality of record keeping and safer data if you opt for a [cloud accounting solution](#).
- Less errors, due to less manual entry of data.
- More efficient management of your business finances. All your data will be in one place and up-to-date.
- Less time at the end of the tax year gathering data and knowing how much tax you need to pay throughout the year will help with budgeting and cash flow.

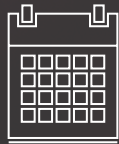
Key dates for Making Tax Digital



NOW

Check that your current software is compliant. If not, start looking now for a new [online accounting package](#).

April 2019 is fast approaching and it will take time to implement new software in your business.



**APRIL
2019**

All VAT registered businesses (including charities) with a taxable turnover above the VAT threshold (£85,000) are required to keep their VAT business records digitally and send their VAT returns using Making Tax Digital (MTD) compatible software.



**APRIL
2020**

The remaining VAT registered businesses – those voluntarily VAT registered with VAT-able turnover under £85,000.

What's next?

I ALREADY HAVE ACCOUNTING SOFTWARE, WILL I NEED TO CHANGE?

Major accounting software providers and [online accounting providers](#) are preparing their software to be MTD ready. Contact your local [Haines Watts office](#) to discuss your current software and whether it will be MTD compliant.

ABOUT CLOUD ACCOUNTING

If you want your business to work smarter and faster, then investing in cloud accounting software would be a good decision. Working with an online cloud accounting package can help you get paid faster, save admin time and gives you a better overview on your business finances. For more information and advice on the best package for your business, contact your [local Haines Watts office](#).

HOW CAN HAINES WATTS HELP ME WITH MAKING TAX DIGITAL?

We can provide guidance and support in getting you MTD compliant. We can provide [accounting services](#), [online accounting packages](#), [outsourced bookkeeping services](#), [tax advice](#) and [VAT services](#).

For more information, find and contact your local [Haines Watts office](#).

Not sure what to do still about **Making Tax Digital**?
Contact your local [Haines Watts office](#).