

What you need to know

Key Requirements

- Paper based records will no longer be enough. It will become mandatory* for businesses and landlords to use software to keep accounting records. Records of accounts on paper will not meet the requirements of tax law.

- Quarterly reporting: Updates will need to be submitted to HMRC each quarter directly from accounting software.

The team at Howard Worth will help you adapt to the changes required by the new system and can provide you with ongoing support and advice.

(*There will be a small number of exceptions).

When does Making Tax Digital Start?

The date that you need to start MTD depends on the size and structure of your business and the date of your accounting year end. The team at Howard Worth can talk to you about your start date, currently the timescales are as follows:

Income Tax

(Self-employed, partnerships, trusts and landlords who complete self assessment tax returns):

- From April 2018, MTD will be mandatory for businesses and landlords with gross income over the current VAT threshold of £85,000 per annum.
- From April 2019, MTD will become mandatory for those below this threshold.

VAT

From April 2019 all VAT registered businesses (including limited companies) will be required to file their VAT returns directly using accounting software.

The VAT return that is currently available online will not be available after this date.

Corporation Tax (limited companies)

From April 2020 MTD will be mandatory for reporting corporation tax.

Exemptions

Registered Charities – however any trading subsidiaries are not exempt.

Landlords and small businesses whose gross income is less than £10,000 per annum will be exempt.

Exemptions also apply for individuals who can not connect to digital software.

(Reasons include, religion, age, disability, location – no access to broadband)

What should I do now?

As this new system is being phased in over the coming years we will be contacting all our clients to discuss the move to MTD at the appropriate time for their individual needs or those of their business.

It may be worth considering the following points in relation to the move to MTD:

- Do you currently use accounting software? Do you need to upgrade to a new package or purchase new software?
- If you use paper based records, a new system needs to be implemented.

Members of the Howard Worth team can advise you on the various software packages available and which of these would be most suitable for you.

If you have any questions or queries relating to Making Tax Digital, please contact Howard Worth on 01606 369000 or email mtd@howardworth.co.uk