

What you need to know

When does Making Tax Digital Start?

The new timetable and changes to the implementation of the system means that Making Tax Digital will now not take effect until April 2019 and will only be mandatory at this time for business with turnover exceeding the VAT threshold.

The timescale and the full extent of the changes raised serious concerns from MP's, businesses and members of the treasury committee which has ultimately led to HMRC delaying its roll out.

The updated treasury document states the following:-

- Only businesses with a turnover above the VAT threshold (currently £85,000) will have to keep underlying digital records and only for VAT purposes.
- This will only be required from April 2019 when businesses will need to provide their VAT records through Making Tax Digital compliant software.
- Businesses will not be required to keep digital records or to provide quarterly updates for other taxes until at least 2020*.

The government has stated they will not extend the scope of MTD beyond VAT in the first instance to ensure that the system is shown to work successfully with a live pilot due to start in Spring 2018. The new MTD legislation will be included in the Finance Bill (No2) 2017 will be introduced in the autumn.

*2020 Date to be confirmed by HMRC.

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?
- Matching your last VAT return date with your Accounting period end date

Members of the Howard Worth team can advise you to ensure a smooth transition from your current system to the requirements of VAT reporting under MTD.

**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**