

MAKING TAX DIGITAL FOR VAT

Making Tax Digital (MTD) for VAT came into force on 1 April 2019.

As a result of these provisions, it is now mandatory for all VAT registered businesses with a taxable turnover above the registration threshold (currently £85,000) to keep digital records and submit their VAT returns quarterly through HMRC-approved software, using an application programming interface (API). The previous method of submission via the HMRC portal is now unavailable. There are very limited circumstances for HMRC to approve any opt out.

In addition to the above digital submission requirement, certain data must be recorded digitally within 'functional compatible software' (FCS). The FCS can be a software program or a set of software programs (including spreadsheets provided certain conditions are met) that must be capable of:

- holding all the mandatory digital data as required under MTD;
- submitting the nine VAT return figures to HMRC for the MTD specific API;
- receiving information from HMRC via the API;
- transferring data between software programs via a 'digital link'.

As this affects all VAT returns for VAT periods starting on or after 1 April 2019 (October 2019 for deferred business*), individuals and businesses need to be following this new process.

How Mazars can help you

Check if your accounting software is MTD ready and on HMRC's "approved" list

Consider options to use a separate "bridging software" if required

Complete a VAT review to ensure you are MTD compliant

Help support you via our free webinars to learn more about MTD for VAT

Provide in-person training to your Tax team

Help you get ahead of the curve - other taxes are planned to go digital in 2020

Webinars

Our Tax and outsourcing experts have recorded a live webinar series where they discuss the updates to the MTD requirements and the impacts that these could have on you and your business.

These are available on our website at www.mazars.co.uk/Home/Services/Tax/Making-Tax-Digital-for-VAT.

Deferred businesses

*VAT periods starting after 1 October 2019 (deferred businesses):

- 'Not for profit' organisations that are not set up as a company (e.g. most Charities)
- VAT groups and VAT divisions
- Public sector entities required to provide additional information on their VAT return (such as government departments and NHS Trusts), local authorities, public corporations
- Traders based overseas (those with no UK office or establishment)
- Those required to make monthly payments on account and annual accounting scheme users
- Trusts

Contact us

If you have any questions or would like to discuss the changes, please feel free to get in contact:

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