Four Foundations

The transformed tax system of 2020 has four foundations.

Tax Simplified

- •Tax payers should not have to give HMRC information that it already has, or should be able to get from elsewhere for instance, from employers, banks, building societies and other government departments.
- Taxpayers will see the information that HMRC holds through their digital tax accounts, and be able to check at any time that the their detaols are complete and correct. HMRC will use this information to tailor the service it provides, according to each taxpayer's individual circumstances. In 2016, HMRC will consult on how information from more third parties might reduce the reporting burden on taxpayers.

Tax in One Place

- •At the moment, most taxpayers cannot see a single picture of their liabilities and entitlements in one place. HMRC is bhanging that.
- •by 2020, taxpyaers will be able to see their vomplete financial picture in their digital account, just like they do in their onlin banking. And they will be able to set an over-payment of one tax against the under-payment of another: it will feel like paying a single tax.

Making Tax Digital for Businesses

- •Businesses should not have to wait until the end of the tax year or even longer before knowing how much tax they should pay.
- •HMRC will collect and process information affecting tax in as close to real time as possible, to stop tax due or repayments owed from building-up. From April 2018, businesses, uncluding everyone who is self-employed and those letting out property, will update HMRC at least quarterly where it is their main source of income (or a secondary source of income above £10,000 and their main income is from employment or a pension)

Making Tax Digital for Individual Taxpayers

- •Individual taxpayers will interact with HMRC digitally, and at any time to suire them.
- •By April 2016, every individual an dsmall business will have access to a s digital tax account. The digiral accounts will present individual taxpayers with a personalised picture of their tax affairs, along with prompts, advice and support through webchat and secure messaging.

Timeline

January - June 2017

- Testing starts for digital reporting of income from letting property
- New online billing system begins
- Taxpayers able to report additional sources of income through their digital tax account

July -December 2017

- Digital tax accounts show taxpayers an overview of their tax liabilities in one place
- Automatic tax code adjustments prevent PAYE under and overpayments

January - June 2018

 Interest paid by banks and building societies starts to be shown in digital tax accounts

July -December 2018

- Most businesses, selfemployed and landlords start updating HMRC quarterly for income tax and National Insutance obligations through their accounting software
- Taxpayers who currently report their Child Benefit to HMRC no longer need to do
 so

2019

- Most businesses, selfemployed and landlords start updating HMRC quarterly for VAT obligations through their accounting software
- Capital Gains Tax on the disposal of residdential properties needs to be paid within 30 days.

2020

- Most businesses, selfemployed an dlandlords start updating HMRC quarterly for Corporation Tax obligarions through their accounting software
- The full rage of HMRC services are available through digital tax accounts.