



MAKING TAX DIGITAL FOR BUSINESS

HMRC Webinar on VAT

What businesses need to know to submit their VAT returns from April 2019

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Contents

Disclaimer	2
Making Tax Digital for Business	3
HMRC's Vision:	3
What is Making Tax Digital.....	3
What is changing for VAT?	3
<i>Things that will change?</i>	3
<i>Things that won't change?</i>	3
Who is affected and when?	3
Timeline for VAT	4
VAT Pilot	4
<i>Use software to send VAT updates</i>	5
<i>Add your clients</i>	5
<i>Subscribing Clients</i>	5
<i>Supplier List</i>	5
Digital Record Keeping	12
<i>Data that must be recorded digitally</i>	12
VAT Schemes	12
Functional Compatible Software	12
<i>Example 1</i>	13
<i>Example 2</i>	13
<i>Example 3 – VAT Group</i>	13
Getting ready	13
Questions & Answers	14

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Making Tax Digital for Business

HMRC's Vision:

Making Tax Digital is making fundamental changes to the way the tax system works – transforming tax administration so it is:

- More effective
- More efficient
- Easier for taxpayers to get it right

"what I'm very keen to signal to everybody out there ... is that we are serious about it and it will happen, so there will be no question of any further delay on this, so we all need to make sure that we're ready for it."

*- Mel Stride MP – Financial Secretary to the Treasury
Minister of State with responsibility for Value Added Tax.*

What is Making Tax Digital

- Capturing all transactions in record-keeping software
 - As near to real-time as possible
 - On any device (pc, smartphone, tablet, etc.)
- Summary updates via API (Application Programming Interface) enabled software

What is changing for VAT?

Things that will change?

- VAT returns compiled by pulling data from digital records
- VAT returns sent to HMRC via API-enabled products and not through the VAT portal

Things that won't change?

- 9 box VAT return
- VAT return frequency and payment deadlines
- Eligibility for VAT special schemes.

Who is affected and when?

From April 2019, VAT registered businesses with a taxable turnover above the VAT threshold (currently £85,000) must keep their VAT business records digitally and submit their VAT return through compatible software

Smaller VAT-registered businesses can join MTD if they wish

MTD for other taxes will not be mandatory before 2020

There are some exemptions:

Insolvency – MTD is voluntary

Religious grounds – for practicing members of a religious society whose religious beliefs prevent them from using computers, or

It is not reasonably practicable – each case will be considered on its own merits there is no blanket exemption. Reasons may include: remoteness of location (no internet); disability which prevents use of a digital device; age

You will need to contact the VAT helpline in order for them to determine if you are exempt.

Timeline for VAT

February 2018	• Technical consultation on the regulations closed
End March 2018	• Regulations made
April 2018	• VAT pilot - Live testing of MTD begins
From April 2019	• Businesses trading above the VAT threshold are mandated to use MTD

VAT Pilot

Starts in April 2018	Agent can act on behalf of their client	
	Simplest businesses first	More complex businesses join as pilot grows
	Must have compatible software to take part	Software development and testing
	Publish more information	

There is more guidance on the gov.uk website under Making Tax Digital for VAT.

Use software to send VAT updates

As part of the Making Tax Digital pilot your clients may be able to send VAT updates to HMRC using software instead of filing a VAT return. They can do this themselves or you can do this on their behalf

First you'll need to:

- Set up an agent services account
- Add clients to the account

You or your clients will then be able to sign up to send VAT updates to HMRC using dedicated software.

Add your clients

Once you've set up your agent services account you can add clients to it if their current accounting period started after 5th April 2017, and their business is registered as either a:

- Sole trader
- Limited company

Your clients will be able to send VAT updates using their own software, or you can send updates on their behalf.

Subscribing Clients

There will be a short series of questions about the client after which you will be told that the information provided will be reviewed, which can take up to 5 working days. The page then states what you need to do – choose the software you are going to use (there is a list of approved suppliers on the gov.uk website); bring the income/expenses up to date (if you are not already using approved software) then keep this up to date. They will then ask for a report to be submitted before the VAT deadlines.

Supplier List

The commercial software products listed below have been successfully tested with HMRC and can be submitted online.

Suppliers name	Product name	Forms available	Telephone
1 2 eFile	Batch VAT Filing Professional	VAT 100	020 8450 2290
ABC Direct Sales	ABC6 Accounts	VAT 100	0161 282 1270
Accentra Technologies Ltd	Accentra ERP & Financials	VAT 100	0845 456 7181
Account on This Ltd	Account on This	VAT 100	01785 664227

Suppliers name	Product name	Forms available	Telephone
AccountsNet Chartered Accountants	AccountsNet Portal	VAT 100	0300 223 2280
AccountsPortal Accounting Software	AccountsPortal	VAT 100	020 8123 1223
Accountz.com Ltd	Business Accountz	VAT 100	01354 691 650
Access UK Ltd	Dimensions	VAT 100	0845 345 3300
Acorah Software Products Ltd (TaxCalc)	VAT Filer	VAT100/ECSL	0845 5190 883
Advanced Business Solutions	Exchequer	VAT 100	01202 298 008
Aegia Clouds Systems Ltd (Gbooks)	gbooks	VAT 100	0845 094 7799
Ajaccts Software	Ajaccts	VAT 100	07908 179 574
Anagram Systems	Encore	VAT 100	01403 259 551
Boox	Boox	VAT 100	0808 168 0422
Brain TecLabs	Brain Payroll	VAT 100	0239 200 6127
Bright Systems Ltd	SOLA	VAT 100	0845 4595 450
BTCSoftware Limited	BTC PM Solution	VAT100/ECSL	0800 612 7650
CalCal Ltd	CalCal	VAT 100	03303 500 951
Capium limited	Capium	VAT 100	0844 478 1199
Cashflow Manager (UK) Ltd	Cashflow Manager	VAT 100	0345 130 0611
Cashflow Manager (UK) Ltd	Cashflow Manager GOLD	VAT 100	0345 130 0611
Catalyst Computer Systems Ltd	Platinum Software	VAT 100	0116 230 1500
CBIZ	Dynamics 365 Financials	VAT100/ECSL	03300 882 515

Suppliers name	Product name	Forms available	Telephone
Clear Books Accounting Software	Clear Books	VAT 100	08448 138 138
CLW Online Ltd	Mother WebApp	VAT 100	0845 1800 198
Construction Industry Solutions	COINS	VAT 100	01753 501 000
Crunch	Crunch	VAT 100	0844 500 8000
DC Software	VAT Submission Pro	VAT100/ECSL	0800 138 9075
eFile Ready Limited	Batch VAT Filing Specialists	VAT 100	020 8450 2290
Evolved Software Studios Ltd	Gateway Solver (VAT Solver)	VAT 100	
Exact	Exact Online	VAT 100	01784 221 200
Exactor Inc	ExactoFile	VAT100/ECSL	(1) 786 294 6320 (US)
Flexible Applications Ltd	Systematics	VAT100/ECSL	0845 466 7700
Fortnox Software Ltd	Fortnox	VAT 100	020 3176 2490
FreeAgent Central	FreeAgent	VAT 100	0800 288 8691
FuseMetrix Group Ltd	FuseMetrix	VAT 100	01908 522444
Gotek Ltd	Bookkeeper	VAT 100	01278 652 120
Hartigan Software Design Ltd	VAT Pro	VAT100/ECSL	
Housetracker Ltd	Costrak Accounts	VAT 100	07940 546 425
Imbercal	Imbercal	VAT 100	0800 622 6079
Intuit Ltd	QuickBooks Online	VAT 100	0845 606 2161
KashFlow Software Ltd	KashFlow	VAT 100	0800 848 8301/0207 4030 101

Suppliers name	Product name	Forms available	Telephone
Keytime Objective Limited	VAT Filer	VAT 100	0161 484 3500
Kirk IT Limited	Kirk IT Product Suite	VAT 100	07798 644 378
KPMG AG	VAT-Web	VAT100/ECSL	+49 211 475 8393
Landmark Systems Ltd	KEYPrime	VAT 100	01798 877 100
Liberty Accounts	Liberty Accounts	VAT100/ECSL	0845 230 9803
Liquid Accounts Ltd	Liquid - E-filing	VAT 100	0161 413 5050
Liquid Accounts Ltd	New Liquid Suite	VAT 100	0161 413 5050
Lyquidity Solutions Ltd	WordPress VAT EC Sales List	ECSL	020 7043 2777
Meridian International VAT Consulting Limited	Platinum	VAT 100	+44 208 601 4600
Merlin Business Software Ltd	Merlin	VAT 100	01246 457 150
Merlin Software	Aspect - Practice Manager	VAT 100	01473 273 836
Microsoft Ltd	Microsoft Dynamics GP Version - 2010	VAT 100	+44 118 909 2283
Moneysoft Ltd	Money Manager 7	VAT 100	08456 444 555
My Digital Accounts Limited	My Digital Accounts	VAT 100	0161 925 6162
National Stocktakers	National Bookkeepers	VAT 100	01708 766 223
Neilson James Technology	NJT Excel VAT Return Manager	VAT 100	07455 444261
Oakley Global Business Solutions Ltd	VATpac 300	VAT 100	01268 724 005

Suppliers name	Product name	Forms available	Telephone
Pandle	Pandle Free Cloud Accounting	VAT100/ECSL	0203 393 7434
Pegasus Software Ltd	Online Filing Manager	VAT 100	0800 919 704
PHC Software, S.A.	PHC FX	VAT 100	+351 214 724 340
PricewaterhouseCoopers LLP	Reveal	VAT 100	0113 289 4520
Priority Software	Priority	VAT 100	+44 186 533 8047
PS Financials plc	PS Financials VAT Returns	VAT 100	01733 367 330
Quick File Ltd	Quick File	VAT 100	0845 094 0107
Reckon Software Limited	Reckon One	VAT 100	0845 166 1165
R J Software Ltd	Timesaver Accounts Version 2009.2	VAT 100	0845 345 1045
Roxxap Ltd	Microsoft Dynamics NAV 2009 - 2013 R2	VAT 100	0131 220 9224
Sage (UK) Ltd	Sage 50 Accounts	VAT/ECSL	0800 336 633
Sage (UK) Ltd	Instant Accounts	VAT/ECSL	0800 336 633
Sage (UK) Ltd	Sage One Accounts	VAT/ECSL	0800 336 633
Sage (UK) Ltd	Sage One Accounts Extra	VAT/ECSL	0800 336 633
Sage (UK) Ltd	Sage 200 Suite	VAT 100	0845 111 9988
SAP	SAP Business ByDesign	VAT 100	0870 608 4000

Suppliers name	Product name	Forms available	Telephone
SDA Logic Systems Ltd	Pythagoras Accounts V3.1	VAT 100	020 7381 8494
Sharp-aX Computer Systems Limited	Sharp-aX Software	VAT 100	01442 505950
Simply Accounts	Simply Accounts	VAT100/ECSL	01825 713 593
Smart Marketing Cloud Ltd	Smarty Software	VAT Submission	0203 637 4716
STP Trade Limited	Safe Books	VAT 100	020 7100 3838
Sum-it Computer Systems Limited	Total	VAT 100	01844 213 003
Target Software Ltd	Control	VAT 100	0161 456 5972
TAS Software	TAS Books	VAT 100	0800 694 0220
TAS Software	First Books/TAS Basics	VAT 100	0800 694 0220
Tax Automation	VAT Controller	VAT100/ECSL	0118 935 7140
Technology One	Financials	VAT 100	
The Sage Group plc	Sage Live	VAT 100	0800 376 0000
Thomson Reuters	ONESOURCE	VAT 100	+44 (0) 207 375 6869
TMC Software	eVAT	VAT 100	01562 865 915
TVision Technology	Microsoft Dynamics NAV Version 6.1GB	VAT 100	07939 139 489
Ubikwiti Ltd	Ubikwiti	VAT 100	(+603) 7620 8733
VAT Applications NV	iVAT Reporting	VAT100/ECSL	+32 2 272 44 33
Workbase Software Ltd Workbase	WorkbaseApp	VAT 100	0121 285 1008

Suppliers name	Product name	Forms available	Telephone
Whiz Solutions Ltd	EasyAccountax	VAT 100	Tel: +44 (0) 333 014 7638
Whiz Solutions Ltd			+44 (0) 203 021 9033
Whiz Solutions Ltd			+44 (0) 742 715 4931
WinWeb International Ltd	WinWeb Accounting	VAT100/ECSL	0333 577 0180
	WinWeb Cashbook		
	WinWeb Cashbook Plus		
	WinWeb Back Office		
	WinWeb Business Start-up		
	WinWeb Online Office		
	WinWeb Cloud		020 7193 1876 (WinWeb Cloud only)
Wise Software (UK) Ltd	OrderWise	VAT 100	01522 704083
Xero (UK) Ltd	Xero	VAT 100	0800 085 3719

Digital Record Keeping

Data that must be recorded digitally

Designatory Data:	business name the address VAT registration number a record of VAT accounting schemes you use
For each supply you make you must record:	the time of supply (tax point) the value of the supply the rate of VAT charged
You must have a record of outputs split between:	standard rate reduced rate zero rate exempt and outside the scope
For each supply received record:	the time of supply (tax point) the value of the supply including and VAT that is not claimable the amount of input tax that will be claimed If more than one supply is on an invoice, record the totals from the invoice
Adjustments:	Total for each type - but not calculatons

VAT Schemes



Functional Compatible Software

Program, or set of compatible programs, that must:

- Keep digital records
- Provide HMRC information and returns using the APIs
- Receive information from HMRC

If a set of programs are used, there must be a digital link between the pieces of software.

Example 1

- Software
 - To record sales and purchases
- Spreadsheet
 - To calculate the return
- Bridging software
 - To submit the return

All links must be digital

Example 2

- Software to:
 - Record sales and purchases
 - Calculate the return
 - Submit the return
- Spreadsheet to:
 - Keep track of fleet of cars and work out adjustments for fuel scale charges

It's okay to type adjustments into accounting software but a digital link may reduce errors

Example 3 – VAT Group

- Software – three different packages to:
 - Records sales and purchases
 - Calculate amounts needed for the return
 - Submit the return
- Spreadsheet
 - To compile the totals and create the return for the whole of the group
- Bridging software
 - To submit the return

Five pieces of software maintain the records, calculate the return and submit to HMRC. The links between them must be digital.

Getting ready

You need to:

- Talk to your software provider
- Review client's software needs
- Analyse your client base
- Review the services you offer

Questions & Answers

Q: Client below MTD threshold who completes VAT return using HMRC online facility and who does not wish to register for MTD. After April 2019, will online facility still be available for him? Or does he have to revert to paper VAT return?

A: The existing online facility will remain available for those business not within scope of MTDfB reporting.

Q: At least one Company Director I work with is telling me that because Companies do NOT have to comply with MTD until April 20 he believes the fact that his turnover for VAT purposes is above £85K is irrelevant with regard to MTD and his company does NOT have to comply as early as April 19. I have told him: his company's turnover is above £85K; therefore his company does have to comply with MTD by April 19. I am right, aren't I? The company director still doubts me.

A: All businesses regardless of entity type with a taxable turnover above the VAT threshold will be required to follow MTD rules from 1 April 2019.

Q: Please could you confirm if we will be able to continue using our Agent Login details (User ID & Password) to file clients VAT returns once MTD comes in, or will we need to obtain individual login ID's & passwords to continue filing.

A: Agents will need to register for an Agent Service Account. This will be a one-off process. Once registered Agents will be able to subscribe to their clients to MTD and send updates on their behalf direct from their software. Further information will be published on gov.uk and in Agent Update and will also be distributed to agent professional bodies

Q: Does a tax payer whose turnover is in excess of £85K but is NOT registered for VAT (because their trade is financial services say) have to comply with MTD from April 19?

A: Any VAT registered business which has taxable turnover (taxable supplies) in excess of the VAT registration threshold must use the MTD for VAT service from April 2019. If neither of those conditions apply, then there is no requirement to use the service.

Q: What will be the penalties for late or non-submission of quarterly returns?

A: HMRC understands that some businesses may require extra time to make sure that their systems are fully compliant with MTD. That is why we have provided for a soft-landing period of one year where we won't apply digital record-keeping or late filing penalties. Penalties for those who fail to keep or preserve records required by law will apply in exactly the same way as now, as will the requirement to file VAT returns online (unless digitally exempt).

Q: Can you use spreadsheets excel to send your information instead of accounting software

A: yes, by using API bridging software which will enable information from the spreadsheet to be sent to HMRC

Q: What if the client is VAT registered but turnover under £85,000?

A: If their taxable turnover is below £85,000 they can continue to use the HMRC online payment portal

Q: So a shop making 200 sales a day must record each individual transaction according to what you have just said???

A: If they use a retail scheme and record daily gross sales they can continue to do this.

Q: Vat Returns are currently quarterly for many of my clients, under the new MTDfB regime is a monthly submission of account activity required or just quarterly with the Vat Return information?

A: MTD for VAT will not have any impact on submission dates. The VAT Return dates will remain unchanged

Q: Can an agent apply for exemption to MTD due to dyslexia and or age?

A: HMRC will ensure that clear guidance is available for digitally excluded customers about the exclusion and will ensure taxpayers are able to apply easily for an exemption to MTD and that non-digital means of applying for this exemption are available.