

There are only a few quarters left before Making Tax Digital (MTD) for VAT is with us. If you have not yet discussed your next steps with either us or your software provider, and are unsure what needs to be done, please contact us as soon as possible so that the necessary action can be implemented in time.

The following action needs to be taken to make sure your business will be MTD compliant by 1 April 2019.

- Make sure your existing accounting software is MTD ready
- Ensure that you have digital links between software and/or spreadsheets. There is a period of grace for digital links, but it's best to look at this now
- Ensure that VAT report data complies with the new rules. Sales invoices will need to be inputted on an invoice by invoice basis, or daily gross takings totals, if you operate a retail scheme
- Book necessary training so you know how to submit VAT returns from your software

If your VAT return preparation is complex and you are unsure what to do, please do not hesitate to contact us as soon as possible.

Complex businesses have been given a 6-month deferral to 1 October 2019 before MTD becomes mandatory. Complex businesses include the following:

- Trusts
- Not-for-profit organisations that are not companies (includes some charities)
- VAT divisions
- VAT groups
- Public sector entities required to provide additional information alongside their VAT return (such as Government departments & NHS Trusts)
- Local Authorities
- Public corporations
- Traders based overseas
- Businesses required to make payments on account
- Annual accounting scheme users

HMRC also intends to roll out MTD for income tax from April 2020 which will affect the self-employed, those who receive income from property, partnerships and trusts. MTD for income tax will require quarterly reporting of income and expenditure and keeping digital records.

If you have any queries, please email us at MTD@kilsbywilliams.com.