



Making tax digital – are you ready for the change

In the 2015 Budget, HMRC set out their commitment to transforming the tax administration by 2020, and in December 2015 the Making Tax Digital Roadmap was launched.

This guidance highlights major changes afoot for the way you report and submit your usual returns to HMRC. In a bid to simplify the tax reporting system, HMRC is moving away from annual returns, and replacing this with quarterly deadlines. Similar to the personal tax account which has been running effectively for the last couple of years, all businesses will have an online (Digital) Tax Account. This will mean that some information, such as bank data and other government department information, can flow automatically into this account for ease of reporting and transparency.

Initially, the changes only stand to affect VAT registered businesses who must have a digital reporting process in place by April 2019, but HMRC will expect that all businesses (Landlords and Sole Traders included) trading over the VAT threshold (currently at £85,000), to keep their records digitally (for VAT purposes), and also



to provide their VAT return information to HMRC through Making Tax Digital compatible software.

It is now time to implement the processes and procedures your business needs to get ready for this change, most businesses will be approaching a year end before this April 2019 deadline arrives, and ideally you should be starting your new tax year on Making Tax Digital Compatible software, to ensure that when you are mandated by HMRC to take part in this scheme, it is a seamless integration process for you.

As Accountants in practice, we have been researching various systems to introduce to our clients in order for us to ensure we are up to speed with the current offerings available and also to ensure we take a proactive approach and can advise our clients on the best software for them.

Many Software providers offer systems with similar features, some that have additional applications which may be more suited to one business than another, working with a wide range of self employed individuals has helped us identify what works best.

We believe that this change is going to allow business owners to have a much more 'real-time' idea of where their business is headed, and a clear picture of their financial obligations. If your accountant is 'moving with the times' it should also help them to collaborate with you much more freely, being able to access your up to date information in real time and offer pro-active advice based on this, to allow you to make important decisions.

Please get in touch with us directly if you have any questions, and we would be happy to discuss some options for you to ensure you keep ahead of the Making Tax Digital changes.

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