



MAKING TAX DIGITAL – AMENDMENTS JULY 2017

The government has announced that the roll out for Making Tax Digital for Business has been amended to ensure businesses have plenty of time to adapt to the changes.

Businesses will not now be mandated to use the Making Tax Digital for Business system until April 2019 and then only to meet their VAT obligations. This will apply to businesses that have a turnover above the VAT threshold, £85,000 – the smallest businesses will not be required to use the system, although they can choose to do so voluntarily.

The government remains committed to ensure they can deliver a modern digital tax system for all businesses and their agents, support them to get their tax right and reduce the amount of tax lost through avoidable error.

Their aim is that by 2020, we will be able to see a comprehensive financial picture in our digital accounts, just like we can with online banking.

The government is committed to Making Tax Digital because of a cost to the Exchequer of over £8 billion a year due to avoidable taxpayer mistakes and in 2014 to 2015 over £3.5 billion of revenue was lost due to mistakes in VAT returns alone.

This change means that no business will need to provide information to HMRC under Making Tax Digital for business more regularly than they do now. VAT has been online since 2010 and over 98% of VAT registered businesses already file electronic returns.

Making Tax Digital will build on this by integrating digital record-keeping to provide a single, seamless process with quarterly updates generated and sent direct from the software the business/agent uses to keep their records.

The government has committed that it will not widen the scope of Making Tax Digital for Business beyond VAT before the system has been shown to work well, and not before April 2020 at the earliest. This will ensure that there is time to test the system fully and for digital record-keeping to become more widespread.

Landmark is committed to following the development of MTD closely and our discussions with HMRC continue. We will deliver the Direct VAT Posting facility well in advance of the March 2019 deadline in our KEYPrime, but not our KEY32 products.

