

Making Tax Digital (MTD)



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'Making Tax Digital' was unveiled by HM Revenue & Customs in July 2017, and once implemented will have a dramatic impact on the UK tax system.

MTD will become mandatory for VAT registered businesses over the VAT threshold (unincorporated businesses, companies, LLPs, and charities) from April 2019 with all other taxes (income tax and corporation tax) having to follow suit from April 2020.

The new regulations will emphasise the need for businesses to keep digital records and update HMRC on a quarterly basis.

It is therefore vital for businesses to establish how they will comply with these new regulations now, in readiness for these changes.

Those that already maintain financial records on software packages such as Quickbooks or Xero are already on the way to being MTD compliant, but businesses that still maintain records via a manual cashbook or excel spreadsheets will need to review their options in advance of April 2019.

Landlords receiving income from property will also be required to maintain electronic accounting records and update HMRC quarterly from April 2020.

MTD for individuals will be centred around the online HMRC Personal Tax Account, which will enable taxpayers to interact with HMRC directly to review their tax records and liabilities.

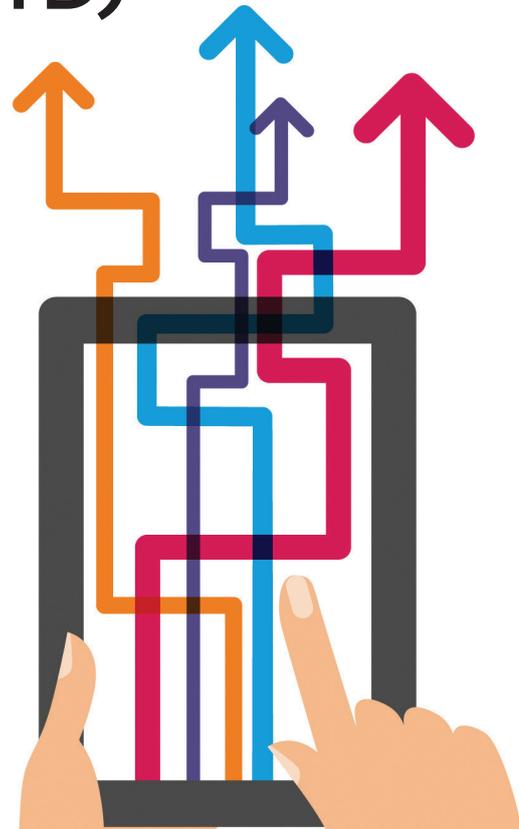
It is likely that some exemptions will apply, such as annual turnover below a certain threshold (not yet announced) or those that are deemed as 'unable' to engage with digital compliance.

Some business owners have raised concerns in regards to the additional administrative burden and the cost that compliance will bring, however, rather than seeing these new regulations as a negative they should find that this is a positive step with many potential advantages.

Those businesses that embrace these digital changes and requirements will unlock benefits such as identifying key issues earlier, with the ability to delve deeper into the business to focus on how it is doing in real time. Early warning of future tax obligations allows planning for these to be effective, especially when combined with cash flow forecasts and budgets.

Be passionate about reviewing systems and analysing data to improve your business, enjoy the mobility that cloud accounting can bring, and make the change today so you are ready for MTD.

For further advice call **01892 784321** or visit **www.honeybarrett.co.uk**



Are you worried about what HMRC's 'Making Tax Digital' means for you?

Honey Barrett provide a complete range of accounting and tax services, and are well placed to help you prepare for these digital changes.

For further advice about **Making Tax Digital** and what you can do now to prepare, call Denny Carr on **01892 784321**, or our other team members in offices local to you:

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