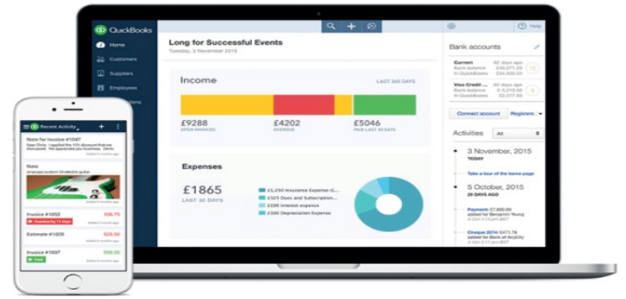


# Making Tax Digital (MTD)



In January 2017 HMRC announced that all businesses and individuals will have to file their accounting information digitally.

## What is "Making Tax Digital?"

If you own a business, you are self-employed or a landlord and you pay income tax, national insurance, VAT or corporation tax then it is quite likely you will be affected. This means you will be required to keep track of your tax affairs digitally using MTD compatible software, and to update HMRC at least quarterly via your digital tax account. Eventually this will abolish the annual tax return. This will be the law and there will be penalties for non-compliance.

## Will it affect me?

MTD is a government initiative to modernise HMRC's tax system, with the aim of making the whole process of administering tax simpler and more efficient. All of your tax information will be in one place (your digital account) and you will be able to pay tax based on your business activity during the year and you can upload and update your tax account in real time.

## When is all this happening?

MTD starts with unincorporated businesses for accounting periods commencing on or after 6 April 2018. There are various dates after this when other types of businesses have to comply. In April 2017 the legislation has been shelved due to the general election on 8 June and is positioned to come onto statute shortly after, we expect in Autumn 2017.

## What do I have to do?

You will need to open and log into your digital account. Everyone will be allocated one through the current Government Gateway. Then you will need to ensure your accounting software can update this account at least quarterly. For most businesses this means a move away from desktop and onto Cloud based accounting software. You are required to choose digital (Cloud) software to maintain your business records and to provide updates of information to HMRC. You will be prompted to send summary updates directly to HMRC – quarterly updates will need to be submitted within a month of quarter end, and an end of year activity report will be due within nine months of the end of the accounting year.

As your accountant and tax agent, we can advise you on the software you will need and how to comply with the new quarterly reporting requirements. We can also make it all much simpler by doing it all for you.

## What's next?

We will be contacting all of our clients in 2017 to prepare you and get you ready for Digital Tax well in advance. We have different solutions to help you through – from helping you do it yourself to taking the pressure away from you and dealing with everything so you do not have to worry.