

MAKING TAX DIGITAL

A QUICK GUIDE FOR SMALL BUSINESSES

WHAT'S GOING ON?

Two years ago, it was proposed that Her Majesty's Revenue and Customs (HMRC) was to move to a fully digital based tax system.

By the end of the 2020/21 tax year the way that businesses, including landlords, currently interact and liaise with HMRC will change beyond all recognition. This initiative is known as "Making Tax Digital" (or MTD).

Under current proposals the introduction of MTD will be phased in, as follows:



2018/19

Self-employed and unincorporated landlords with net turnover above £85,000 will be required to record their business-related transactions digitally using MTD-compliant software and to update HMRC on a quarterly basis for income tax and National Insurance obligations.

2019/20

All VAT registered businesses, whether they are filing quarterly updates or not will be required to file VAT returns using MTD compliant software

In addition, self-employed and unincorporated landlords with net turnover below £85,000 and above £10,000 will be required to record their business-related transactions digitally using MTD-compliant software and to update HMRC on a quarterly basis for income tax and National Insurance obligations.

2020/21

Companies (including incorporated landlords) and complex partnerships will be required to record their business-related transactions digitally using MTD-compliant software and to update HMRC on a quarterly basis for income tax and National Insurance obligations.

What does it mean for me and my business?

As mentioned above, all businesses will be required to become compliant with MTD, but not at the same time.

You will be required to move into the MTD regime (on-board) from the start of your accounting period commencing in one of tax year listed above. The timing of your migration will be determined by the nature of your business i.e. self-employed, limited company and the level of your turnover (as set out above).

For example:

If you are self-employed with turnover below £85,000, but above £10,000 and your accounting period end is 30 June. You will not be required to on-board until 1 July 2019 and to file your first quarterly update until after 30 September 2019.

How does MTD benefit me and my business?

There are four main benefits of MTD to small businesses:

- Improved quality of record keeping
- Reduced likelihood of error (due to less manual entry)
- More efficient management of business affairs
- Less time gathering and inputting data



Will QuickBooks develop or enhance their existing product that keeps me compliant with MTD?

Yes. We've been consulting with the HMRC to provide you with an online experience that makes it as easy as possible to comply with the new MTD initiatives. We'll be able to share more information with you in the coming months.

What can I do now?

- Get in contact with our team of experts who will be able to talk through what MTD means for your specific business
- Understand the new digital tools and how the quarterly submission of tax based information will work in April 2018

What can QuickBooks do to help?

Over the next 12 months, we want the migration to MTD to be as efficient as possible.

Speak to our team today
0808 168 4291