



CHESTERTON HOUSE

Making Tax Digital

Everything you need to know
about Making Tax Digital

What is MTD?

Making Tax Digital (MTD) comes into effect from 1st April 2019. This will fundamentally change the way taxpayers complete their taxes, with the intention to make the tax system more effective, efficient and easy to get right.

HM Revenue & Customs (HMRC) describes Making Tax Digital as “a key part of the government’s plans to make it easier for individuals and businesses to get their tax right and keep on top of their financial affairs”.

How does it affect me?

MTD will initially apply to all businesses with a taxable turnover above the VAT threshold (currently £85,000) in the following ways:

All businesses will be required by law to store their financial records digitally and submit VAT returns from MTD-compatible accounting software.

The HMRC online account page used by businesses to submit VAT returns will be closed to those who are required to comply with MTD. This method of submission will therefore be unavailable by 1st April 2019.

Paper records will cease to meet the legal requirements in tax legislation.

When's MTD happening?

1

October 2018

MTD for VAT pilot began.

2

April 2019

MTD for VAT becomes mandatory for businesses over the VAT threshold (£85,000)

3

April 2020

HMRC looks to widen the scope of MTD by extending it to Income Tax and Corporation Tax.

It's very important to understand that MTD is a legal requirement and there will be penalties for non-compliance.

What do I have to do?

First of all... don't panic!

If you complete your bookkeeping in-house you will need to ensure the software that you use is MTD compliant.

When using spreadsheets, you will need to use **bridging software to file your VAT return online for periods ending after 1st April 2019 and quarterly thereafter.**

If you have previously used manual records such as a cash book to produce the information required to file a VAT return, you must switch to MTD compliant software.

We can assist you in finding and putting into place a system that works for you.

How can we help?

If you are an existing bookkeeping/ VAT client, **we already do this for you** and have been doing so for the last few years.

Our cloud-based accounting software is proving very popular, as it allows you to:

- Capture receipts and payments from your bank accounts directly.
- Use your smart phone to photograph expenses and have them filed straight into your accounts.
- See your results 24/7 via an app on your phone.
- Create quotes and sales invoices easily.
- Reduce the amount of paper you keep on file.

Need advice? Contact us

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What if I'm under the VAT threshold?

For help and advice on Making Tax Digital, Get in touch today.

If you are an individual or business that falls under the VAT threshold, you may complete your tax returns as normal. However, it is worth noting that while there is no legal deadline for the rolling out of MTD to other areas of tax, **it is clearly the government's intention to continue to move in this direction.**

We therefore recommend that you begin the digital transition as soon as possible.

If you are currently using manual records to do your returns, or if you would like to gain the benefits of tracking your accounts and expenses instantly using our cloud-based software, we can talk to you and explain how easy it is to make the change to making your own tax

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At Chesterton House our mission is to inspire you to plan and achieve your goals, get your entire financial house in perfect order, and **have a great life!**

Chesterton House Accounting Services LLP plays its part by helping you with:

- ➔ Planning and organising your business and personal taxes.
- ➔ Preparing year-end and management accounts.
- ➔ Delivering higher profits and greater efficiencies.
- ➔ Dealing with the routine work of payroll.
- ➔ Management reports and bookkeeping.