

November 2018

Farmdata has now been added by HMRC to the list of Software suppliers with VAT compatible products.

Making Tax Digital for Businesses.

Users may be aware of the 'Making Tax Digital for Business' (MTDfB or MTD) regime that HMRC is introducing.

The initial phase of this comes into force in April 2019.

HMRC are changing how businesses need to keep their VAT records and submit their VAT returns. This new service is known as Making Tax Digital (MTD). If you are a VAT registered business with annual taxable turnover above the VAT threshold (currently £85,000) you will need to use this service to report your VAT. This has to be done using the VAT (MTD) API (Application Programming Interface) defined by HMRC. Only packages recognised by HMRC will have access to the HMRC API portals. The actual data for a VAT return (essentially the values for the 9 boxes) must arrive in such a package by a 'digital means'.

This will be mandatory for VAT periods starting on or after 1 April 2019, but you can make the switch now if you are a sole trader or limited company.

Farmdata has now been added to the list of software suppliers with VAT compatible products (MTDdata) for use with our accounting packages. All of our accounting packages, Cashdata, Financialdata, Accountsdata and Unix Accountsdata will create the required digital information at a period end. MTDdata will then be used to submit this to HMRC monthly or quarterly, as appropriate. This is similar to the process employed in IRRTIdata which is used in conjunction with Unix Paydata to make RTI returns.

Briefly, from April 2019 the implications for our Cashdata, Financialdata and Accountsdata users, and any other VAT registered business with a turnover in excess of £85000 for that matter, are as follows:

- i) Users will no longer be able to use HMRC's online portal to submit their VAT returns.
- ii) VAT returns must be submitted to HMRC using a software package that uses the VAT (MTD) API defined by HMRC.
- iii) Keep records digitally: Users are already doing this by using these programs.
- iv) Keep these digital records for 6 years: The copy businesses created by the year end routine does this.

Myths:

- i) MTD is optional:

No, it is not. If your turnover is over the £85000 threshold you will not be able to make a paper submission or continue to use the existing HMRC online portal to submit returns. (Businesses with turnover below £85000 threshold may continue to use the HMRC online portal.)

- ii) I have to keep all invoice digitally and submit them:

There is no requirement to keep invoices digitally. Paper invoices are acceptable. You do not have to submit individual invoices to HMRC.

- iii) I have to keep my accounts in the Cloud:

This is not true. You must keep them digitally and that can be on your own office PC.

- iv) I have to keep my records up to date.

Yes, but you can still do this on a monthly or even on a quarterly basis to suit your secretary.