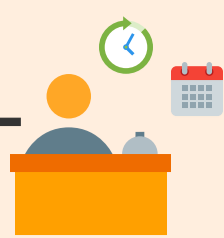




MAKING TAX DIGITAL



Making Tax Digital ("MTD") is a government initiative that aims to make it easier for businesses/individuals to get their tax right.

Every business/individual will have their own personalised digital tax account and new MTD reporting requirements are being introduced to help make the tax process more accurate, efficient and easier to manage.

Individuals

For individuals HMRC are undergoing a continuing process which aims to achieve the following:

- ✓ All individual taxpayers to have access to a Personal Tax Account (PTA) online.
- ✓ Dynamic tax coding using Real Time Information (RTI) provided by employers to help with the accuracy of taxes being paid under Pay As You Earn (PAYE) arrangements.
- ✓ To link up to third parties such as banks to provide income information directly.
- ✓ Reduce the number of individuals required to complete income tax returns.



MTD for VAT

From 1st April 2019

VAT registered businesses with turnover exceeding the VAT registration threshold - currently £85,000 - will need to maintain electronic accounting records and submit their VAT returns online using an HMRC approved accounting package (such as Xero) starting with their first VAT period beginning on or after 1st April 2019.

Businesses with turnover below the VAT registration threshold can still opt to comply with MTD and will have to comply as soon as their rolling 12 month turnover does exceed this threshold.

MTD for VAT may also be extended in the future (no earlier than 1st April 2020) to include all VAT registered businesses (i.e. those who are voluntarily registered but not exceeding the turnover threshold).



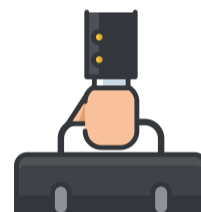
MTD for Income Tax

April 2020 (at the earliest)

In the future, unincorporated businesses (sole traders, property businesses, partnerships, trusts etc) will be required to maintain their accounting records electronically and submit quarterly updates to HMRC (using approved software) for income tax purposes.

The quarterly updates are expected to include income, expenses and profits from the self-employment, property business etc.

At the moment the government has not finalised the rules for MTD for income tax and no date has yet been set for this to come into force.



What does this mean for you?

Real time data any time, any day



HMRC will have all your information in one place



Customers will have digital interaction with HMRC



Compulsory use of technology



What else do I need to know?

There will be more deadlines



Whilst VAT returns are already submitted quarterly, income tax and corporation tax returns are not. After Making Tax Digital takes effect, however, the single annual filings for income tax and corporation tax will be supplemented by four quarterly reports.

Corporation Tax?

What about MTD for incorporated businesses (Corporation Tax)? There is no news on this yet but as soon as there is we will publish an update. [Sign up to our newsletter](#) to be kept in the loop.



Come talk to us!

The good news is that, if you are already our client and using Xero, then there is nothing for you to do to prepare for MTD. Xero is approved by HMRC and will enable you (with our help) to comply with the requirements of MTD. If you're not yet working with us, please give us a call or drop us an email to discuss how we might be able to help you!



0207 183 6089



www.chadsan.com



enquiries@chadsan.com

