

MAKING TAX DIGITAL (MTD)

The UK tax authority H M Revenue & Customs (HMRC) have announced that all businesses will have to file their tax reporting information digitally.

KEY DATES

- **April 2019** VAT reporting directly from accounting software
- **April 2020 at the earliest** other business tax reporting directly from accounting software

WHAT DOES THIS MEAN?

From April 2019, businesses above the VAT threshold (currently £85,000 per annum) will need to keep digital records and will need to digitally update HMRC on a quarterly basis with regards to their VAT obligations and reporting.

From April 2020 at the earliest, other business tax reporting will need to be made digitally. This should apply to most businesses who will need to digitally update HMRC on a quarterly basis with regards to their corporation tax, income tax and national insurance obligations as well as VAT.

MTD will bring a significant change in the way HMRC receives information from taxpayers and annual tax returns will be replaced by digital tax accounts where the taxpayers' information is stored in one place.

WHAT DO I NEED TO DO?

To facilitate the move to MTD, taxpayers will need to:

1. ensure their accounting records are maintained using accounting software;
2. check with their service providers or software company that their software is on target to be MTD compliant by April 2019.

If you are using Frank Hirth software for your book keeping then all our accounting software is being transitioned to QuickBooks Online, a cloud software, which will be MTD compliant.

If you are using your own software you will need to check the software, and the version you are using, will be MTD compliant.

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TAXPAYERS.**

If you use manual records (paper, Excel etc) or have non-compliant software you will need to consider a transition of your records to an accounting package that is MTD compliant in advance of April 2019.

HOW CAN FRANK HIRTH HELP?

We are working closely with our clients to ensure they have MTD accounting solutions well in advance of the MTD deadline.

In the process, we are looking to improve the quality, timeliness and accessibility of accounting records to take advantage of the benefits of cloud accounting. These benefits can include:

- direct bank feed
- raising and sending sales invoices from the software
- smart scanning of purchase invoices and expenses into the software
- 24/7 access
- smartphone app access
- drill down to detail and down to invoices stored in the software
- flexible reporting
- real time sharing with your accountant

If you would like to speak about your MTD issues or are interested in the Frank Hirth cloud accounting solutions, please contact your usual Frank Hirth Advisor for further details or a member of our MTD team:

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**MANUAL RECORDS
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