

Making Tax Digital (MTD) is a government initiative that promises to introduce 'a transformed tax system and the end of the tax return' by 2020. The government wants to make tax administration more effective, more efficient and easier for taxpayers, through the implementation of a fully digital tax system. Preparation is well underway with over 8 million people already using their Personal Tax Accounts.

The proposals will apply to a wide range of taxpayers including businesses, the self-employed, landlords and individual taxpayers.

The main benefits of the new system:

- Taxpayers will have access to online Digital Tax Accounts (DTA), with the information HMRC needs automatically uploaded, enabling the taxpayer to interact with HMRC digitally.
- No more manual records and form-filling - taxpayers should never have to tell HMRC information it already knows.
- Unnecessary time delays are eliminated - the tax system operates much more closely to 'real time', keeping everyone up to date and removing the risk of missed deadlines, unnecessary penalties, debts arising and errors in the system being carried forward from one year to the next.
- By 2020, businesses and individual taxpayers will be able to register, file, pay and update their information at any time of the day or night, and at any point in the year, to suit them.



In March 2017, Lambert Chapman LLP hosted a breakfast briefing event, to update our clients and contacts on the key changes.

Here is a roundup of what we discussed....

Hector The Inspector 1995



Do you remember Hector the Inspector (aka Chris Harman)?

It was at a similar presentation over 20 years ago that we introduced the concepts of self-assessment for the first time.

And now we are going to tell you how it will all come to an end...

Making Tax Digital

Social Media hashtag #MTD

#MTD

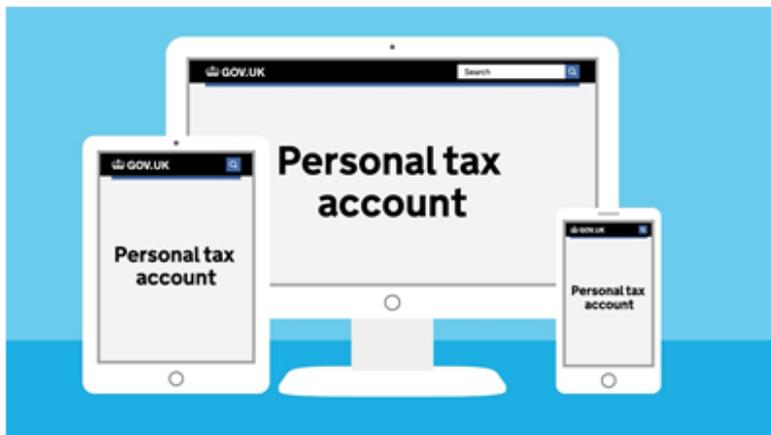
Making Tax Digital for Business

Social Media hashtag #MTDfB

#MTDfB



Don't Panic! We're here to help you through the changes, but the key is to act now, so we're ready to switch you over to the new reporting rules, when the time comes.



Personal Tax Accounts are now live. This is an account used to check your tax records and manage your details with HMRC.

If you haven't already, you are advised to activate your account ASAP.

Have a look around and make sure your details are correct.

Government Gateway



To activate your account, logon via the Government Gateway, or by using GOV.UK/verify which will verify your identity with Credit Reference Agency Experian, or similar.

ON YOUR DIGITAL PERSONAL TAX ACCOUNT YOU CAN...

- check your current/previous years income tax estimate
- obtain details of your tax code
- obtain details of your tax history
- complete, send and view your personal tax return
- claim any refund of tax due to you
- check and manage your child benefit and tax credits
- check your state pension forecast incl. NIC history

ON YOUR DIGITAL PERSONAL TAX ACCOUNT YOU CAN ...

- track tax forms that you have submitted online
- check or update your marriage allowance
- tell HMRC about a change of address
- check/update benefits you get from your Employer – e.g. medical premiums or a new company car

Additional services are likely to follow in the future.



HMRC have tried to justify the changes by claiming that the amount of tax not collected due to avoidable taxpayer errors and carelessness has risen to over £8bn a year.

self-employed (adjective):

Working for oneself as a freelance or the owner of a business rather than for an employer.

Relating to or designed for people working for themselves.

When will I be 'forced' to make my bookkeeping digital?

KEY DATES:

■ **April 2018**

Self Employed + Turnover > £85K

KEY DATES:

■ **April 2019**

Self Employed + Turnover between £10k - £85k

Key Dates...

It is likely that most Landlords affected will enter at this date.

KEY DATES:

■ April 2019

Registered and pay VAT

KEY DATES:

■ April 2020

Limited Companies

EXEMPTIONS:

- Turnover below £10k.
- Digitally excluded.
- Religious beliefs.
- Extenuating circumstances based on disability, age or location.

In April 2019, the facility to operate manual books for VAT purposes will no longer apply and record keeping will need to be done digitally to make VAT returns.

VAT

(April 2019)

CORPORATION TAX

(April 2020)

SELF EMPLOYED

(April 2018)

4 Quarterly Submissions and
1 for final adjustments.

As above, but for Corporation Tax.

Sole Traders and most Partnerships will already have been caught by the 2018 and 2019 dates by reference to profits and turnover.

If you are Self Employed and have turnover in excess of £85k, you will need to enter MTDfB in April 2018. This means:

- Digital Records will need to be kept.
- You will need to make 5 quarterly submissions to HMRC. One each quarter based on real time information and a 5th after our involvement processing the normal adjustments to turn the books into final accounts.

4 Quarterly Reviews



It is in all of our interests to produce the best standard of records on an ongoing basis.

Don't leave everything until the year end.

We can factor in quarterly reviews to help you with this.

Let's Talk Books...

Excel is going to be allowed, but will need to be mapped to software which allows HMRC to collect data. Details to follow...

Number of key players in the marketplace. Do your research now and pick a supplier that will work for you.

Our intention at Lambert Chapman LLP is to support a wide range of products.

3 Line Accounts are still allowed for those in the criteria to use them, which is businesses with a turnover of less than £82k – but why bother if you have to work it out, you may as well show it on your return?

sage

KashFlow



Farmplan
Time to grow



JUSTACCOUNTS

Excel

wave

Reckon R



QuickBooks.

freeagent

3 Line Accounts

As part of consultation, Partnerships with turnover over £10m delayed their involvement until April 2020.

Partnerships

(Turnover > £10m delay until April 2020)

If HMRC estimate accurate, will cost businesses £8b in extra tax (as mistakes will be eliminated).

How much is this going to cost?

Software Costs.

Bookkeeping and Administration Costs.

Extra Accounts work and reviews.

Come and join us at a Lunchtime Learning Session - Making Tax Digital and Bookkeeping

- Wed 24th May 2017 – Braintree Town Hall, Braintree (12.50-2.30pm)
- ~~Wed 7th June 2017 – OAKhouse Bar Café, Maldon (12.50-2.30pm)~~ NOW FULL
- Wed 28th June 2017 - Braintree Town Hall, Braintree (12.50-2.30pm)
- Wed 12th July 2017 – OAKhouse Bar Café, Maldon (12.50-2.30pm)
- Wed 6th Sept 2017 – Weston Homes Community Stadium - Colchester (12.50-2.30pm)

Although we do offer a bookkeeping service, you are encouraged to come along to one of our Lunchtime Learning Sessions, where we will be running through the basics to get you started.

All details on the website:

www.lambert-chapman.co.uk/events



Don't delay, be positive and look for a deal on Software costs while they exist.

Make the changes now, so you're ready for the new reporting rules.

A few examples to re-cap...

RECAP...

- **Sole Trader + Manual Records + Turnover > £200k + VAT registered...**
- MTD from 6 April 2018.

RECAP...

- **Sole Trader + Manual Records + Turnover £60k + not VAT registered...**
- MTD from 6 April 2019.

RECAP...

- **Limited Company + Manual Records + Turnover £140k + VAT registered...**
- VAT: from 1 April 2019.
- Corporation Tax: from 1 April 2020.

RECAP...

- Limited Company + Computerised Records + Turnover £70k + not VAT registered...
- MTDfB from 1 April 2020.

RECAP...

- Landlord+ £15k Rental Income...
- 6 April 2019.

RECAP...

- Sole Trader + £8k Turnover...
- Exempt.

Making life simpler for you.

Lambert
Chapman
Chartered Accountants

We are in regular dialogue with HMRC in respect of the changes and will keep you up to date with developments.

We are working to provide you with the very best software solutions the market can offer so that we can make the transition as smooth as possible.

See Website to access links:

- [Digital Tax Pilot Begins \(4 Apr 2017\)](#)
- [Nick Forsyth: 65% of SME Businesses Not Ready for Tax Digitalisation \(22 Feb 2017\)](#)
- [Nick Forsyth offers an instant reaction to HM Revenue & Customs 31 January Making Tax Digital Announcements #MTD \(1 Feb 2017\)](#)
- [Light at the end of the tunnel? Nick Forsyth looks at the Treasury Committee Report on Making Tax Digital #MTD \(18 Jan 2017\)](#)
- [Making Tax Digital #MTD - A must read for businesses and tax payers alike by Lisa Potter \(29 Dec 2016\)](#)

Useful Links

See Website to access links:

- www.lambert-chapman.co.uk/making-tax-digital
- [HMRC response to the Making Tax Digital Consultation \(Published: 31 January 2017\)](#)
- [Treasury Select Committee Report on Making Tax Digital \(MTD\) \(Published: January 2017\)](#)
- [Making Tax Digital - Consultations by HM Revenue & Customs \(Published: November 2016\)](#)
- [Making Tax Digital - Policy Paper by HM Revenue & Customs \(Published: August 2016\)](#)

Making Tax Digital is here to stay so we need to accept that we should act now whilst we have time to upgrade and learn so that we are comfortable at its formal introduction.

If you need any further information on the proposals or to discuss how it might work for you, please get in touch with your usual Lambert Chapman LLP contact via 01376 326266 or email info@lambert-chapman.co.uk