



# Making Tax Digital

LubbockFine

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*Advice that adds up*

## Making Tax Digital (MTD) – are you affected?

The majority of VAT-registered businesses with a taxable turnover above £85,000 must keep digital businesses records and send VAT returns to HMRC using MTD compliant software from 1 April 2019. If you are unsure how your business will be affected, please follow our guidance below.

Please note, if your business is not VAT-registered then MTD for VAT does not apply to you.

### Is your taxable turnover over £85,000?

If your taxable turnover is not over £85,000, these changes do not yet apply to you.

If your taxable turnover is above £85,000, you will need to ensure you are ready to submit digitally by 1 April 2019. In October 2018, the government decided to delay this for some groups of businesses with complex requirements.

If you are one of the following, you are not required to submit digitally until 1 October 2019:

- A Trust
- A 'not-for-profit' organisation that is not set up as a company
- A VAT division
- A VAT group
- A public Sector entity required to provide additional information on their VAT return (Government departments, NHS trusts)
- A Local authority
- A Public corporation
- Traders based overseas
- Those required to make payments on account
- An annual accounting scheme user

If your business is not one of those listed above, your next steps will depend who does your bookkeeping and/or VAT return.

### Who does your bookkeeping and/or VAT return?

- **Lubbock Fine** – If we already do your bookkeeping and VAT returns, we will let you know directly if you need to make any changes.
- **Outsourced to another company** – We recommend your contact the company that you outsource to directly to ensure your business will be ready for MTD.
- **Done in house** – Your next steps will depend on the bookkeeping software that you use. Please see the table overleaf:

<b>Xero</b>	If you're using Xero, you are ready for MTD.
<b>Excel / manual</b>	<p>If you are using a cashbook or Excel spreadsheet, you need to make some changes to be ready for MTD.</p> <p>It is possible to continue using Excel for your bookkeeping, however, the filing of your VAT returns will need to be done by the use of Bridging Software. This software is currently being developed by various software houses and so, once available you will have a number of different packages to choose from to meet your individual needs. We envisage that this software will most likely be via simple Excel add-ins. These add-ins will connect your spreadsheet directly to HMRC, enabling the VAT return to digitally linked and filed electronically from the Excel Spreadsheet.</p> <p>To discuss your options, please contact your usual advisor.</p>
<b>Cloud-based</b>	If you use other cloud-based accounting software (which you connect to via your internet browser), then you should be ready for MTD. We advise checking with your software provider to make sure.
<b>Sage / Quickbooks</b>	<p>If you use Sage or Quickbooks online, you should be ready for MTD.</p> <p>If you are using a version of Sage or Quickbooks on your computer from 2018 or earlier, you may need to upgrade this to the most recent version. You should contact your supplier directly to find out.</p>
<b>Other</b>	If you use accounting software not mentioned above, you should check with your provider that this is MTD compliant.

## Looking ahead

If you have multiple accounting or bookkeeping systems, careful consideration should be given to your information flows. HMRC's road map for MTD for VAT details that data should not be cut and paste (or exported and imported) from one source to another. Rather, data should be transferred through "digital linkages". Further information is not yet available from HMRC to fully future proof your business, however, if you are considering changing your bookkeeping systems now, then ensuring all data is linked digitally will no doubt go a long way ensuring you will be compliant in the future.

## Discuss your requirements

To discuss your requirements for MTD in further detail, please contact your usual Lubbock Fine advisor or partner Neil Williams at [neilwilliams@lubbockfine.co.uk](mailto:neilwilliams@lubbockfine.co.uk)