

KENNEDY LEGG based in the heart of Dorset



MAKING TAX DIGITAL

Whilst we have discussed this topic with many of our clients, the commencement of Making Tax Digital (MTD) is fast approaching and whilst many of you are ready for this new and radical process, we would just like to remind you about the government's proposals.

On 13th July 2017, the government announced MTD will commence in April 2019 for VAT purposes in respect of businesses with a turnover above the VAT threshold (currently £85,000). This will be introduced for all other businesses on or after April 2020.

The government's proposed timetable is as follows:

- Businesses with a turnover above the VAT threshold will have to keep digital records and initially only for VAT purposes from April 2019. These digital records are required to be submitted to HM Revenue and Customs on a quarterly basis.
- Businesses will not be asked to keep digital records or to update HM Revenue & Customs quarterly, for other taxes until at least 2020.

This means that businesses and landlords with a turnover below the VAT threshold aren't required to move to the new digital system before the 2020 date.

As VAT already requires quarterly Returns, no business will need to provide information to HM Revenue & Customs more regularly during this initial phase than they do now.

All businesses and landlords will have at least two years to adopt to the changes before being asked to keep digital records for other taxes, notably income tax, corporation tax and capital gains tax.

During Spring 2018 HM Revenue & Customs had begun piloting the MTD services and will continue to do so, testing the system with a variety of businesses.

HM Revenue & Customs will be making further announcements about Making Tax Digital in due course.

So, from April 2019, keeping your financial records will become increasingly digital and most businesses will need to use software or applications to keep their business records. For some clients, the days of manual record keeping will be no more.

There are exemptions, but for most businesses, as mentioned above, with a turnover above £85,000 you will need to start planning for MTD now.

Whilst many of you will already be using digital based records there are some of you that may be unhappy with your existing software provider or you do not have a digital system in place.

We have teamed up with a major cloud software company to provide our clients with the best possible fully compliant accounts package. There are benefits to your business whether you use our recommended package, or you use your existing system.

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The benefits include:

- Records are in the cloud, so you can get a clear view of your finances at any time or indeed, any place.
- Run your business from work, home or even your mobile phone.
- Automatically download bank receipts and payments in real time.
- Use your mobile to photograph purchase invoices and expenses and have them filed straight into your accounts.
- Create quotes and sales invoices easily.
- No need to retain the paper copies that you currently keep, physically, on file.

If you are content with your existing software provider and you are also content with the new concept of MTD then we will not trouble you again prior to the new system commencing.

If you are using spreadsheets for your record keeping, you will be able to use bridging software to enable digital filing to take place. We can assist with selection and implementation of your preferred solution.

Please do not hesitate to contact our office if you would like any further assistance.

Yours sincerely

Kennedy Legg

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