



**MAKING
TAX DIGITAL**



MTD Update for Agents #7: 14th May 2019

Dear Agent,

Welcome to the 7th edition of our Making Tax Digital Update for Agents.

If there's any subject you'd like us to cover in future updates please let us know via the MTD mailbox:

makingtaxdigital.mailbox@hmrc.gov.uk

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Key Updates

- **Bridging software**

It is not true that HMRC sees the use of spreadsheets or bridging software for MTD as a temporary arrangement. There is no set end date for the use of spreadsheets or bridging software within the MTD for VAT service.

However, users will get the maximum benefits from MTD; such as fewer errors, increased productivity and better financial planning; by using dedicated MTD software. This provides the full end to end experience, from digital record keeping to sending the return to HMRC.

We recognise that for some businesses 'bridging' products, which work by linking and extracting data from other software products and spreadsheets to submit the returns, will be the simplest way to comply with the new requirements.

Any business using spreadsheets and/or bridging software must ensure that these are able to meet all MTD requirements.

- **Signing up monthly filers**

Unless they are one of the small number of deferred businesses, businesses with a taxable turnover above £85,000 that file their VAT returns monthly need to follow the Making Tax Digital rules from 1 April 2019. They will be the first customers that have to file using MTD compatible software so as agents these will be the first customers that you want to sign up.

The filing deadline for the period ending 31 March was 7 May 2019. This was their last non-MTD return. The business (or an agent on their behalf) should now sign up for MTD. This will ensure that they are ready for their April return to be submitted using MTD compatible software by the deadline of 7 June 2019.

It takes 72 hours for the sign up process to be completed and customers that pay by direct debit should sign up 5 working days before their filing deadline. The following graphic shows the sign up window for monthly filers.



- **Nudge emails**

Over the next week or so we will be issuing nudge emails to VAT businesses where we hold an email address, reminding them about Making Tax Digital and outlined various route for support/guidance. Businesses will be advised to discuss with their agent where they have one.

- **VAT Notice 700/22**

The VAT Notice 700/22 was updated on 3 May 2019. Details of those updates can be found in the Spotlight section below.

Key reminders

- **Requirement to Sign-up to Making Tax Digital**

Please note that all businesses affected by MTD have to either sign themselves up or have an agent sign them up on their behalf. **This is not automatic and HMRC are not signing businesses up.**

- **Step by Step Guides**

[Agent Step by Step Guide](#)

[Business Step by Step Guide](#)

- **Getting help with sign up to ASA and MTD**

If you have any issues creating a new ASA, linking clients or signing clients up to MTD you should select the link '**Get help with this page**' on the GOV.UK page you are on. This will raise a query with our IT Service Desk who will investigate and respond accordingly.

- **Agent Forum**

There are lots of interesting topics, threads and questions (and answers) on Making Tax Digital section of Agents Forum on GOV.UK. Are you signed up?

<https://online.hmrc.gov.uk/webchatprod/community/forums/show/131.page>

- **Software choices**

Businesses and agents need to choose the software that is suitable for them. HMRC does not endorse or recommend any one product of software provider however a software choices selection tool is available on GOV.UK.

<https://www.tax.service.gov.uk/making-tax-digital-software>

- **Existing authorised client relationships**

If you already have an authorised relationship with a client (64-8) and have made submissions on their behalf you *do not have to re-authorise* them to act for them under Making Tax Digital. You *do* have to link your clients to your agent services account and sign them up. You can find out how to do that on the step by step guide for agents on GOV.UK.

- **Confirmation of sign up**

When you sign a client up for MTD you will receive a confirmation email from HMRC within 72 hours to say that it has been successful. The email is copied below, for information, so you will recognise the format when you start to receive them.

 **GOV.UK**

 HM Revenue & Customs

You've signed up your client for Making Tax Digital for VAT

Dear Agent

You have signed up your client to use software to submit their VAT Returns.

Your client's VAT registration number is:

123456789

You must tell your client that you have signed them up for Making Tax Digital for VAT

What you need to do next

1. Choose relevant third party software. If your client will use software, it is important they choose a package that can work with yours.
2. Allow your software to submit VAT Returns to HMRC. You might need to sign in with your Government Gateway details.
3. Use software to record your client's sales and purchases.
4. Submit your client's VAT Returns before their deadlines.

Your client can view their VAT Return deadlines in their accounting software or business tax account.

Why you are receiving this email

We send a confirmation email when you sign up a client.

From HMRC Making Tax Digital for Business VAT

If you're unsure an email is from HMRC:

- Do not reply to it or click on any links
- Report the suspicious email to HMRC - to find out how, go to [GOV.UK](https://www.gov.uk) and search for 'Avoid and report internet scams and phishing'





Spotlight On..... Updates to VAT Notice 700/22

The main guidance relating to Making Tax Digital for VAT was updated on 3 May 2019.

The updates to the Notice were as follows:

- Section 2.1 was updated to make clear that taxable turnover is the total value of everything you sell that is not exempt from VAT or outside the scope of VAT.
- Section 2.1.1 of the VAT Notice was updated regarding the sign-up process for those businesses joining MTD VAT voluntarily.
- Section 4.2.1 was updated to explain that data can also be exchanged via email within a business or with a tax agent.
- Section 4.3.3 was updated to clarify that if a charity pays the travel and subsistence costs of an unpaid volunteer, then it can claim the total or a proportion of the total input tax incurred.
- Section 4.3.3.1 was introduced stating that HMRC will accept the recording of totals from a supplier statement where all the supplies on the statement relate to the same VAT period and the total VAT charged at each rate is shown.
- Section 4.3.3.2 was introduced setting out that HMRC will accept that a number of petty cash transactions can be recorded as a single purchase in the digital records of the business, subject to a monetary limit; individual purchases with a VAT-inclusive value below £50 not exceeding a VAT-inclusive value of £500 per entry.
- Section 4.3.4 has been introduced to clarify that where charity fundraising events are run by volunteers HMRC will accept that charities can record digitally all supplies made relating to the event as if it were a single invoice, and all supplies received can be treated similarly.

<https://www.gov.uk/government/publications/vat-notice-70022-making-tax-digital-for-vat/vat-notice-70022-making-tax-digital-for-vat>

Coming soon

HMRC continue to deliver webinars on Making Tax Digital for both Agents and Businesses.

The next Agent Talking Points will be on 16th and 20th May 2019.

We will continue to cover how to create the new Agent Services Account live, and many people walked through with us and successfully created their new account, linked existing clients and saw how to sign up clients to MTD.

The next Business MTD webinars will be on 15th, 17th, 23rd and 30th May 2019 - let your clients know, feedback has been overwhelmingly positive from businesses!

We look forward to as many joining the sessions as possible!

You can sign up to attend Talking Points here <https://www.gov.uk/guidance/help-and-support-for-agents>

Useful links

[Making Tax Digital for VAT as an agent: step by step](#)

[Sign in to your agent services account](#)

[Link clients to your agent services account](#)

[Sign up for Making Tax Digital for VAT](#)

[Check when a business must follow the rules for Making Tax Digital for VAT](#)

[Create an agent services account](#)

[Help and support for Making Tax Digital](#)

[Update your client's details for Making Tax Digital for VAT](#)

[Find software suppliers for sending VAT Returns and Income Tax updates: Making Tax Digital for VAT](#) and [Making Tax Digital for Income Tax](#).