**Making Tax Digital – Question Log**

Below is a series of questions by audience members on HMRC’s Making Tax Digital webinar. The questions cover many of the most frequently raised issues for organisations facing the proposed move to a digital tax system.

***Q: Charity sector opt-in. Given that for many charities the shift to a digital system will represent a significant cost burden, is the Government considering an exemption from requirement for charities to move to digital tax - essentially offering them an opt-in if they already have the necessary capability?***

A: Yes, this is set out in the consultation document: Bringing Business Tax into the Digital Age.

***Q: Is there an exemption for persons for whom online filing is not reasonably practical… or any other reason?***

A: The Government has made it clear that those taxpayers who cannot go digital will not be forced to. The consultation document, Bringing Business tax into the Digital age, sets out some proposals for the definition of digitally excluded customers, and invites views on these proposals.

***Q: The consultations close on 7 November. When will we have definitive guidance?***

A: The Government will publish its response to the feedback received to the six MTD consultation documents, together with draft Finance Bill legislation where appropriate, as soon as is practical after the consultations close.

***Q: What information is required in the quarterly reports? Will simple 3 line accounts be sufficient or will you be looking for more? If more, why and what are you going to do with this information?***

A: Summary information will be required in the quarterly updates: we are currently consulting on the detail/level of information which will be required and this is set out in our consultation document: Bringing Business Tax into the Digital Age.

***Q: Will HMRC accept excel summaries?***

A: HMRC has set out in the consultation that we are considering the position in relation to spreadsheets.

***Q: Making quarterly payments will be voluntary. When will this become mandatory?***

A: The government has made it clear that it has no plans to change statutory payment dates.

***Q: Potentially, you are asking taxpayers to engage an accountant four times a year rather than once. What impact assessment has been considered?***

A: HMRC published an initial impact assessment with the "Bringing Business Tax into the Digital Age" consultation. HMRC will take into account the input and feedback received from a very wide range of stakeholders during the consultation to produce an updated impact assessment. This will be published with the response document.

***Q: MTD and unemployment. My clients have stated that this may be the only option open to them as they will not be able to operate and pay for digital operations required. The threshold should be the same as the VAT registration threshold, is this being considered?***

A: The Government has committed to providing free software to the simplest businesses to move to the new requirements; HMRC is consulting on options for financial assistance for businesses. We are also consulting on the entry threshold at which businesses come into scope of the new requirements (digital record-keeping and quarterly updates). A package of support and assistance will be provided to businesses to help them transition.

***Q: Are HMRC paying the Software Industry to develop and distribute the free Apps?***

A: No. HMRC has committed to ensuring that free software will be available to businesses with the most straightforward affairs, and is working closely with software developers to ensure that a range of free products is available.

***Q: You have used the phrase "entitled to use free software", so what is the qualification requirement and, by implication, will some businesses be forced to buy software to comply?***

A: Businesses with the most straightforward affairs will be able to access free software, which the Government has committed to providing. We are consulting on which businesses will be eligible for free software. We are also consulting on financial assistance options for businesses in transitioning to the new MTD requirements (this will apply to all businesses and will not be limited to those eligible for free software). Some businesses may have to upgrade their existing software or buy new software.

***Q: Is it still possible to volunteer to be part of the BETA test, and how?***

A: Volunteers have already been selected for private Beta testing; however, public Beta testing will start in the Spring 2017, and HMRC will be publicising details on how volunteers can join.