



Amended Time Table for MTD

Nick Forsyth, Lambert Chapman and UK200Group Digitalisation Taskforce member looks at the amended timetable for Making Tax Digital (MTD)

Having been away from the office enjoying the pleasures that Woburn Golf Club offers to its visitors, I missed the revised timetable for Making Tax Digital '[New Making Tax Digital Timetable Announced](#)'. Upon my return, [I booked onto a webinar](#) that Mark Purdue of Thomson Reuters was presenting in order to get back up to speed with the topic.

Mark is the expert behind the Digita tax product that we use to complete our clients returns and having met him at the UK200Group presentation that he made to us back in March, I felt he would have the right answers. He did, and the main thrust from his address was "MTD isn't going away."

I am delighted by the increased threshold before quarterly reporting becomes mandatory. You do, however, have to shake your head at the revised timetable and ask "Why now?". After all we were told on 31 January 2017 that in the main our consultation points were being ignored and then in the Budget what the thresholds were going to be. So having had a disastrous election campaign, we now learn from the re-elected Government that something that was a sure thing is now not so certain and maybe voluntary for a very large group for the foreseeable future, if not forever.

So what changed? Was it HM Revenue & Customs accepting that the pace they had suggested was too great and likely to deliver a train crash; or was it something else? We may never know. Whilst the delay and reduction in mandatory numbers is welcome we have a sense of frustration that having taken steps to provide solutions for our client base, we are now left with a surplus of licences as many clients are likely to choose continuing with their existing record keeping, unless further amendments are introduced.

I enquired in the Q&A as to what happens to the self assessment tax return to discover the current answer is "who knows" and a copy of the graph that was included in the consultation paperwork showing return numbers diminishing to zero by 2021. With MTD no longer being mandatory for many, I fancy that the self assessment form may remain in place for years to come, but think that the sentiment to get it to zero remains.

Following the announcement our focus moves to VAT, with all VAT registered businesses over the current threshold being forced to use digital tools with effect from April 2019. This will still produce big changes for many businesses that operate using manual or excel record keeping systems as the Government Gateway, by which 90% of VAT submissions are made, may be closed off from that date.

In essence this represents no change at all to the original announcement relating to the VAT provisions of MTD apart from making it voluntary for those under the VAT threshold. That would present the possibility of retaining manual books as you wouldn't be a mandatory trader for VAT purposes but for Income Tax you would need to consider any rental income you have to see if you could keep the manual books after 2020. As an example you could have an ex-vat turnover of £76,000 and £10,000 of rental income and that would prove qualification for quarterly reporting from 2020.

Mark also shared with us statistics relating to VAT registrations in late 2016. At that point the UK had 2,217,840 businesses that were registered and of these around 980,000 had a turnover that was less than the VAT threshold. At that time the Flat Rate Scheme offered the benefits that were

withdrawn on 31 March 2017 so it is likely that a large number of these traders will be considering deregistration.

However that left around 1,150,000 businesses for whom changes might be applicable. I say might as we should expect that as the size of the business grows the majority of the records would already be considered digital and hopefully good. I would certainly expect this to be the case for the just over 200,000 VAT registered businesses who enjoy a turnover in excess of £1,000,000, but I know that examples exist that remain manual.

So what is the message to take away from this article? Making Tax Digital is not going away but remains in a more favourable format for many. As a self employed person or individual you need to consider your business turnover and rent received to see where you stand in terms of action and applicable dates.

In order to assist, Lambert Chapman's seminar program continues to help educate clients needing help with solutions whilst reassuring those who were considering Hari Kari at the thought of it changing their lives beyond recognition. The delayed timeline before quarterly reporting is most welcome but it does make me think that our administration whether it be Inland Revenue or the Government, don't have any concept of what they are doing (and we haven't even mentioned Brexit!).

The views expressed in this article are the personal views of the Author and other professionals may express different views.

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For more information on the UK200Group and our Campaign for Clarity on MTD, click [here](#) or visit www.uk200group.co.uk For Further information contact: admin@uk200group.co.uk