NEWS BRIEF

Presented by **Blackfriars Insurance Brokers Ltd**

Making Tax Digital: Government Debuts New VAT Rules

The government announced earlier this month that all VAT-registered businesses with a taxable turnover above the current threshold (£85,000) will now be required to keep digital VAT business records and send their returns using Making Tax Digital (MTD)-compatible software. This change applies for VAT periods starting on or after **1st April 2019**.

Which Businesses Need MTD

Put simply, most organisations that are registered for VAT with a taxable turnover above the current threshold will need to start using MTD by the accounting period on or after **1st April 2019**. This requirement still applies if your taxable turnover dips below the threshold after the official start date. However, if your business de-registers from VAT or is exempt from MTD, the rule does not apply. If your organisation possesses a taxable turnover below the threshold, you can still sign up for MTD voluntarily.

In addition, the government recognises that some businesses possess unique financial circumstances. As a result, the following types of organisations have an additional six months (**until 1st October 2019**) to begin using MTD:

- Trusts
- Not-for-profit organisations that are not set up as a company
- VAT divisions and groups
- Public sector entities that are required to provide additional information on their returns (eg government departments and NHS trusts)
- Local authorities
- Public corporations
- Traders based overseas
- Organisations that must make payments on account
- Annual accounting scheme users

How to Prepare for MTD

In order to be ready for MTD, your business needs to keep its records digitally from the start of your accounting period. Your records should include—for each supply—the time of supply (tax point), value of supply (net excluding VAT) and the rate of VAT charged. Digital records should also possess basic information about your business (eg business name, address, VAT registration number and details of VAT accounting schemes you use).

To do all this, your organisation needs to implement MTD-compatible software. If your business doesn't use software or your software isn't MTD-compatible, you can use bridging software to transfer information from your current record-keeping system to the correct digital format. For more information on MTD-compatible software, click here.

More Guidance

For detailed guidance, click here. And contact Blackfriars Insurance Brokers Ltd today for additional compliance tips and insurance solutions.

BLACKFRIARS GROUP INSURANCE