



Whittingham Riddell
Chartered Accountants

HMRC are making changes to the UK tax system

Introducing

MAKING TAX DIGITAL (MTD)

Everything you need to know and how we can help



How does MTD affect you?

Changes for a Personal Tax Payer....

For non-business taxpayers, MTD is already having an effect, seen by the introduction of the Personal Tax Account, Dynamic coding (real time changes in PAYE tax codes), and the introduction of Simple Assessment.

Simple Assessment

HMRC has changed the way in which they assess some taxpayers, removing the need for these individuals to complete a Self-Assessment Tax Return. This includes new state pensioners with income more than the personal tax allowance (£11,000) in 2016/17; and employees or pensioners with PAYE tax codes who have underpaid tax and who cannot have that tax collected through their tax code.

HMRC started to write to clients from September 2017 with a tax calculation. This could be a P800 or a Simple Assessment letter (PA302).

Clients need to check the information is correct, and if it is you must pay your bill online or by cheque by the deadline in the letter.

If a client thinks that any information is incorrect, you have 60 days to contact HMRC. For instance, if they think amounts used are wrong or HMRC didn't act on information received.

Personal Tax Account

Personal Tax accounts allow individuals and taxpayers to interact securely with HMRC, update details, and check tax affairs in real time, including pensions and NIC's. All taxpayers can now create and access their own Digital Tax Account. You can set up your account by visiting this link:

<https://www.gov.uk/personal-tax-account>

Dynamic Coding

From July 2017, HMRC has been using 'Dynamic Coding' to update PAYE tax codes more frequently. From April 2018, Banks and building societies were required to report information to HMRC earlier and more frequently. This information will then feed into the Personal Tax Accounts and will be used by HMRC to estimate tax liabilities.

Changes for Business Tax Payers....

HMRC's ambition is to modernise the tax system and make it more effective, more efficient and easier for tax payers. From April 2019, VAT registered businesses (including self-employed and landlords) with a taxable turnover above the VAT registration threshold (currently £85,000) will have to:

- Keep their records digitally (for VAT purposes only)
- Provide their VAT return information to HMRC through Making Tax Digital compatible software

Digital Record Keeping and Submission

Those in MTD for VAT will be mandated to keep some VAT records digitally from April 2019, using functional compatible software. Submissions can be from software, bridging software or via an Application Programming Interface (API) enabled spreadsheet.

VAT and Spreadsheets

Many businesses do not submit VAT returns direct from software but use spreadsheets. The format of these spreadsheets will need to be reviewed to confirm it is in line with what is required for MTD and it is expected that some new API software will need to be purchased to enable the information to be digitally transferred to HMRC.

What to do next?

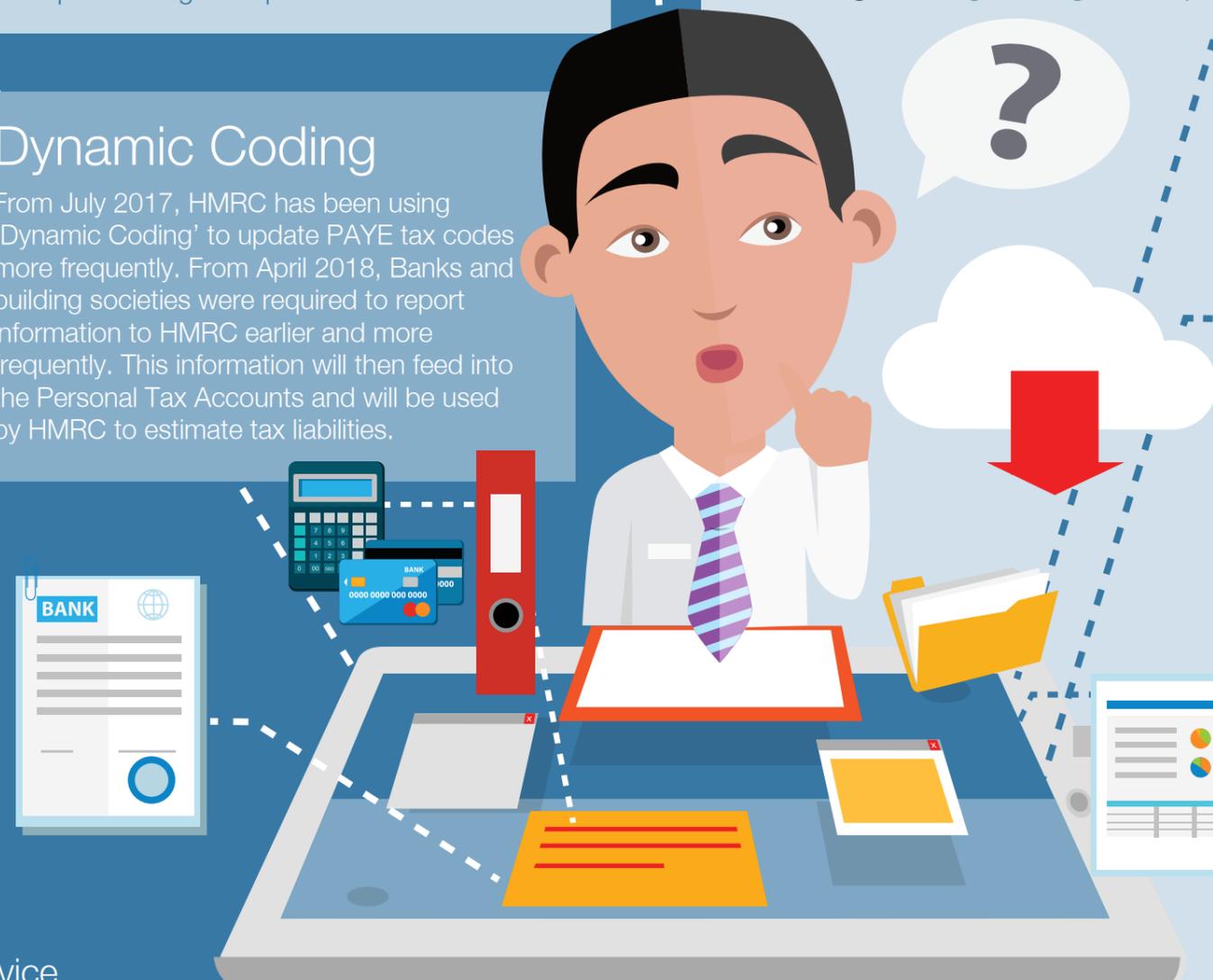
There may be a few steps you need to take to become making tax digital compliant, but we are happy to help.

We are advising our clients to make this regulation an opportunity by moving your account onto a cloud accounting software.

We are Platinum ProAdvisors for QuickBooks and a Gold Partner for Xero, so are well placed to offer expert advice on the benefits of this software, as well as support you through the transition.

To find out more about Cloud Accounting software, speak to our Cloud Team on cloud@wrlp.co.uk

Please contact us if you need any advice.





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or book your place on one of our
Go Digital sessions:

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