Making Tax Digital (MTD) - What You Need To Know

- HMRC is implementing the MTD scheme for VAT, which mandatorily requires any business with a taxable turnover above the VAT threshold (currently £85,000) to keep records in a digital format and file through compatible software from April 2019.
- We are pleased to confirm that KEYPrime software **is compatible, recognised and listed** on the software choices of the government website.
- The submission will have to comply with the dates that HMRC are expecting, you will not be able to alter your digital submission dates without prior agreement with HMRC. Penalties for non-compliance or late submissions may apply but it is quick and easy to get it right, we are already successfully submitting with clients on the HMRC Pilot Scheme.

SECURITY - HMRC will NOT be able to access your data, it is purely a one-way flow, from your KEYPrime data to their database of the 9 boxes on the VAT return.

HOW DO I COMPLY? Although KEYPrime Autumn Release 7.5 is compatible with the MTD requirements, the business **must** still join the MTD scheme; using the software is not being compliant in itself. You may qualify for the pilot if you use a **standard accounting period**, you're up to date with your VAT, and you:

- **are a sole trader**
- currently submit the VAT Return for a **limited company**

More information about eligibility can be found at www.gov.uk/guidance/use-software-to-submit-your-vat-returns

PARTIAL EXEMPTIONS - You can put the partial exemption into a spreadsheet and then post it into the accounts as a journal prior to submitting your MTD VAT – at the moment there is no time limit on when this will cease to apply.

MORE THAN ONE COMPANY - For companies that share a VAT registration number, KEYPrime has the ability for subsidiary companies to digitally "feed" their information into the main, submission company. Companies will need to be on the same database to do this.

Where companies are on different accounting systems, with the same VAT number, and the Group VAT was manually combined at the submission stage, the figures will now need to be entered into KEYPrime by a journal, ready for the digital submission. Please be aware that the merging of accounting data done this way will only be permitted by HMRC until April 2020.

MORE INFORMATION - Some businesses can claim exemptions and some will be able to have a deferred start date to October 2019. For the exemptions and other information, please see the government website - www.gov.uk/guidance/help-and-support-for-making-tax-digital.

SIGN UP - please follow the www.gov.uk/guidance/use-software-to-submit-your-vat-returns; a short video explaining the sign up process can be seen at www.youtube.com/watch?v=kOKD4kHvlzI.