



Richard Barwick

Sowing the seeds of change with Making Tax Digital for all VAT Registered Businesses

In business as in life, change is the only true constant and over the last eighteen months or so the presence of technology and going digital has accelerated this change at a phenomenal pace to allow businesses to adapt and cope with operating during the pandemic.

Farmers have always embraced the use of technology to increase productivity and scalability through advancements in machinery to the use of robots and drones!

Making Tax Digital (MTD) is a key part of the government's plans to make it easier for individuals and businesses to get their tax right and keep on top of their affairs. If you are a VAT registered business with a turnover over £85k you already have to use MTD compliant software to keep your books and prepare and submit your VAT returns.

However, for all VAT registered businesses **below** the £85k threshold they will have to comply with MTD from **1st April 2022**. Although this deadline still seems a while off, the emphasis being placed on this initiative means that businesses need to act now to ensure they are not left behind or struggling to comply at the last minute. HMRC are now actively contacting VAT registered businesses that are not MTD compliant to remind them of this upcoming deadline and if you receive a letter this should not be ignored. Rural businesses such as small-scale contractors or farmers, who have not already started should use the time over the winter to harness technology once more to put digital processes in place.

Businesses that are new to digital record keeping may be daunted by this prospect. However, the good news is that this a

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straightforward process and when doing so there are a number of basic criteria to be considered:

Using compliant software – with the advent of cloud-based software packages (such as Xero, QuickBooks or Sage Business Cloud) becoming compliant has become simpler with software being designed in a more user-friendly way to process invoices, reconcile the bank and produce a VAT return. All cloud packages allow users to give their accountant access for support and we can provide training, software setup and ongoing support on a range of cloud-based software.

Less Paper – Most paperwork such as invoices are provided digitally now by suppliers therefore users can import these directly into a software program meaning that less paperwork needs to be sent to the accountant at year end.

Bank feeds – Digital links can be created between your bank account and software program allowing information to be automatically imported reducing risk of data entry errors and saving time.

Tax submissions directly linked to HMRC – Once your VAT return has been produced you can simply submit this digitally to HMRC from within the software program or alternatively your accountant can login to check the return and submit this on your behalf remotely.

If you would like any further information or guidance regarding Making Tax Digital or our book-keeping services offered, please contact Richard Barwick at our office.

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