Making Tax Digital (MTD) Tips and FAQ:

a) When should I sign up and when do I submit my first VAT return under MTD?

QUARTERLY VAT RETURNS PAYING BY DIRECT DEBIT	
Your First mandatory MTD VAT return 2019	**When Should I Sign up**
Apr/May/Jun	Sign up between the **15th May – 23rd Jun**
May/Jun/Jul	Sign up between the **17th Jun – 23rd July**
June/Jul/Aug	Sign up between the **15th July – 22nd Aug**
MONTHLY VAT RETURNS PAYING BY DIRECT DEBIT	
If you submit Monthly VAT returns	**When Should I sign up for MTD**
April 2019	Sign up between the **15th – 28th May**

b) What is the process for signing up for MTD if I process my own VAT returns

STEP 1: SOFTWARE
• Make sure your software is MTD compliant by viewing a list of programmes that HMRC have confirmed are acceptable - https://www.tax.service.gov.uk/making-tax-digital-software
STEP 2: SIGN UP WITH HMRC
▪ The timing of signing up is critical, follow the table noted in (a) above. Once signed up you will not be able to submit a return any other way. ▪ Go to: https://www.tax.service.gov.uk/vat-through-software/sign-up/have-software and log in using your existing government gateway ▪ HMRC will send an immediate acknowledgement email, click on the link to verify your email address. Regardless of whether you verify your email address or not HMRC will automatically sign your business up for MTD and paperless communication. ▪ Once HMRC has completed the sign up process you will receive a **second email** from HMRC, usually within 24-72 hours
STEP 3: AUTHORISE YOUR SOFTWARE TO COMMUNICATE WITH HMRC
▪ Enter your businesses government gateway user credentials into the software ▪ Provide additional details including setting up 2SV (two step verification) ▪ The software will require reauthorisation approximately every 18 months
STEP 4: SUBMIT YOUR FIRST MTD VAT RETURN
• DO NOT attempt to file your first MTD VAT return until the **second HMRC email** has been received.

c) What is the process for signing up for MTD if Smiths processes my VAT returns?

STEP 1: SIGN UP WITH HMRC
▪ Smiths will process the sign up ▪ HMRC will send you an email, click on the link to verify your email address. Regardless of whether you verify your email address or not HMRC will automatically sign your business up for MTD and paperless communication.
STEP 2: AUTHORISE YOUR SOFTWARE TO COMMUNICATE WITH HMRC
▪ Smiths will process the authorisation ▪ The software will require reauthorisation approximately every 18 months
STEP 3: SUBMIT YOUR FIRST MTD VAT RETURN
• Smiths will submit your first MTD VAT return

GENERAL FAQ'S

d) What if I go over the VAT threshold temporarily?
Once you have reached the VAT registration threshold you must comply with the requirements of Making Tax Digital (MTD). This is still the case even if your taxable turnover subsequently falls below the threshold.

e) Is my software compatible for Making Tax Digital for VAT?
View list of software on the HMRC page: https://www.tax.service.gov.uk/making-tax-digital-software

f) How do I authorise my software to communicate with HMRC?

Type of Software	Link to view the process
Quickbooks Online	https://quickbooks.intuit.com/community/Making-Tax-Digital/Authorise-QuickBooks-to-interact-with-HMRC-MTD-for-small/m-p/247748
Quickbooks Desktop Version 2019 and above	https://quickbooks.intuit.com/community/Making-Tax-Digital/How-to-submit-a-VAT-return-to-HMRC-MTD-for-QuickBooks-Desktop/td-p/260215
Sage 50 Desktop Version 25 and above	https://ask.sage.co.uk/scripts/ask.cfg/php.exe/enduser/std_adp.php?p_faqid=40898

g) How do I submit my MTD VAT return to HMRC using my software?

Type of Software	Link to view the process
Quickbooks Online	https://quickbooks.intuit.com/community/Making-Tax-Digital/Submit-a-VAT-return-to-HMRC-MTD-for-small-businesses/m-p/247747
Quickbooks Desktop Version 2019 and above	https://quickbooks.intuit.com/community/Making-Tax-Digital/How-to-submit-a-VAT-return-to-HMRC-MTD-for-QuickBooks-Desktop/td-p/260215
Sage 50 Desktop Version 25 and above	https://ask.sage.co.uk/scripts/ask.cfg/php.exe/enduser/std_adp.php?p_faqid=41886

Website links that may prove useful:

- HMRC – signing up for Making Tax Digital for VAT - https://www.gov.uk/guidance/sign-up-for-making-tax-digital-for-vat

- Quickbooks – Making tax digital: https://quickbooks.intuit.com/uk/making-tax-digital/

- Sage – Making Tax Digital: A guide for businesses: https://www.sage.com/en-gb/blog/making-tax-digital-businesses/

If you need any assistance please do not hesitate to contact Smiths Accountants 01235 766 162 or info@smithsca.co.uk