

## Making Tax Digital For VAT – FINAL DEADLINE

HMRC has recently urged VAT-registered companies to sign up for Making Tax Digital for VAT before 1 April 2022 when it becomes mandatory for all VAT-registered businesses regardless of their turnover.

### What is Making Tax Digital?

Making Tax Digital for VAT is part of the overall digitalisation of UK Tax, and is aimed at helping businesses to reduce errors and save time managing tax compliance obligations. It requires businesses to keep digital records and file VAT returns using Making Tax Digital compatible software.



### What are the benefits of Making Tax Digital?

A recent independent study of over 2,000 businesses suggested that two thirds of respondents reported at least one benefit including –

- Being able to prepare and submit returns faster
- Increased confidence that they were getting tax right
- Reduced potential for mistakes in at least one aspect of the record keeping, preparing and submitting returns process

As of December 2021, 11 million Making Tax Digital for VAT returns have been submitted with around a third of VAT-registered businesses with taxable turnover below £85,000 voluntarily signing up for the initiative. Businesses with a taxable turnover above £85,000 have been required to follow Making Tax Digital since 2019.

### How do you sign up for Making Tax Digital for VAT?

To sign up to Making Tax Digital VAT, businesses, or an agent acting on behalf of a business, need to:

- visit GOV.UK and choose Making Tax Digital-compatible software
- keep digital records starting from 1 April 2022 or the beginning of their VAT period
- sign up and submit their VAT Return through Making Tax Digital

HMRC is running a series of webinars to help businesses get on board. More information can be found on HMRC's [Making Tax Digital help page](#). Businesses might also be able to access support from their local Chamber of Commerce or Federation of Small Businesses membership if they are unsure of how to access the initiative or need advice to minimise the administration and costs associated with new software and training.



## Exemptions

Some VAT-registered businesses may be eligible for an exemption from Making Tax Digital, if it is not reasonable or practicable for them to use digital tools for their tax. If a business has previously been granted an exemption for VAT online filing, this will carry over to Making Tax Digital VAT requirements. Information on how to apply for an exemption is available on GOV.UK.

Our Outsourcing and Cloud Accounting specialists have helped many business owners to choose and set up the best MTD compatible software for their business. We also provide an efficient VAT service which includes advice on registration, control and reconciliation, plus help navigating any visits from HMRC.

And with the MTD programme set to spread even wider, with self-employed individuals and landlords earning over £10k required to register by April 2024, we recommend those affected get organised well in advance.

If you need further information regarding this area, please email [info@thomsoncooper.com](mailto:info@thomsoncooper.com).

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