



MAKING TAX DIGITAL FOR VAT

21st November 2018, 11:15 - 12:15



HM Revenue
& Customs

arkksolutions

Slido.com #TaxTransformation2018

Making Tax Digital for Business

November 2018

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Head of Customer Readiness and External Stakeholder Team



HM Revenue
& Customs



We will cover

- Recap on the basics of MTD for VAT
- Where to get more information
- Joining the pilot
- The timeline for MTD for VAT



Our Vision



Making Tax Digital is making fundamental changes to the way the tax system works – transforming tax administration so it is

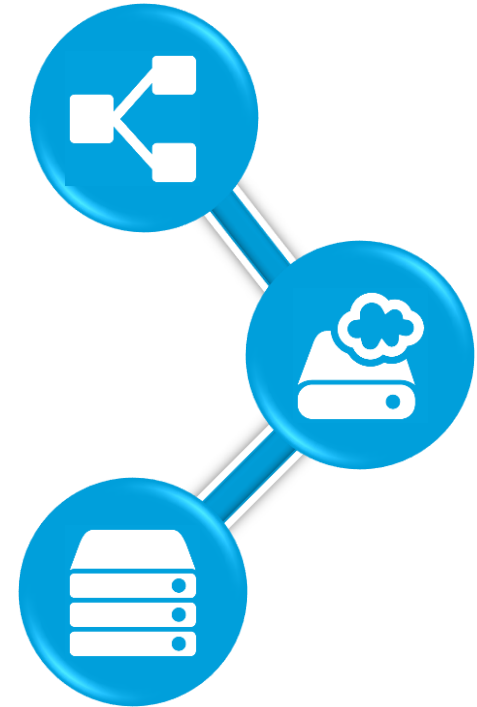
- more effective,
- more efficient and
- easier for taxpayers to get it right

What is changing?

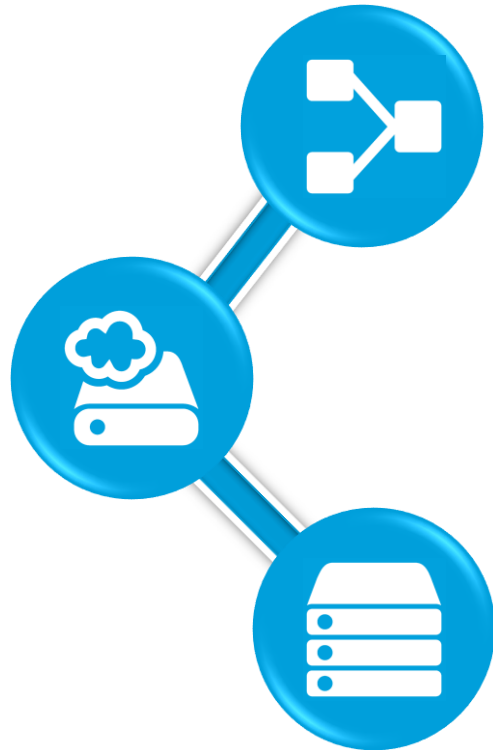
Using MTD compatible software to

- capture business transactions
- prepare the VAT return
- send and receive information via API* enabled software

* Application Programming Interface



What isn't changing?



Things that won't change?

- 9 Box VAT return
- VAT return frequency and payment deadlines
- Eligibility for VAT Special Schemes

Who is affected – and when?

From April 2019 –

- VAT Registered businesses with taxable turnover above the VAT threshold must follow the MTD rules
- VAT threshold currently £85,000 taxable turnover
- Taxable turnover includes standard, reduced and zero rate supplies.

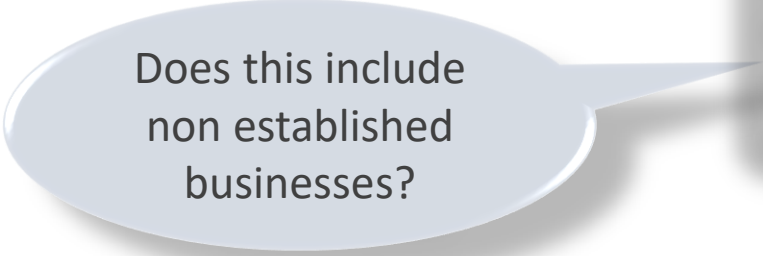
Section 2

Notice 700/22

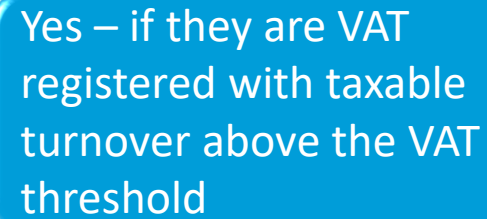
Who is affected – and when?



Common Questions



Does this include
non established
businesses?



Yes – if they are VAT
registered with taxable
turnover above the VAT
threshold

Common Questions

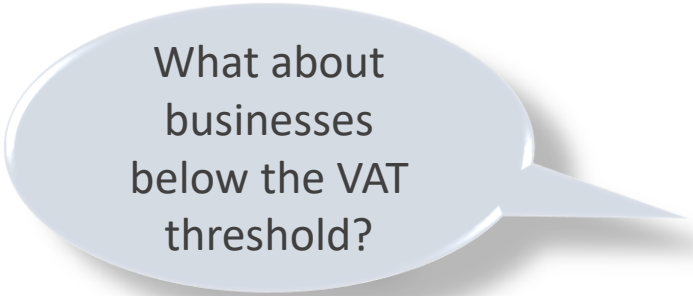
Does this include
non established
businesses?

Yes – if they are VAT
registered with taxable
turnover above the VAT
threshold

Once a business is mandated
they stay in MTD

What if the taxable
turnover drops
below threshold?

Common Questions



What about
businesses
below the VAT
threshold?

- Not registered – not affected
- Registered – MTD optional
- Can use portal
- Monthly - check **turnover** previous 12 months

Common Questions

When does MTD start?

Taxable turnover over £85,000 on 1 April 2019 - from the first VAT period that on or after 1 April 2019.

1 April 2019

Making Tax Digital mandated for all customers (except those that have been deferred)



Common Questions

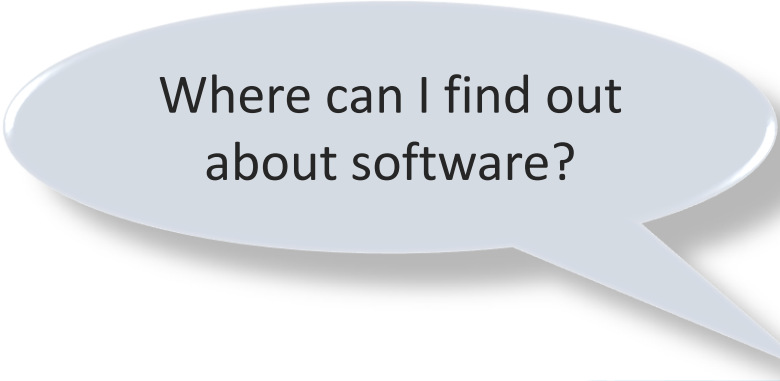
When does MTD start?

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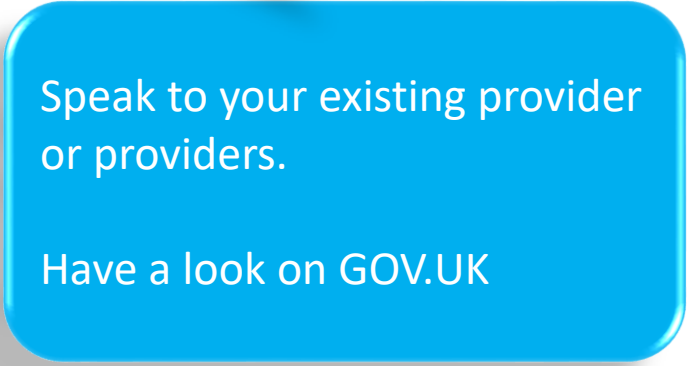
Example

Return covers	1 March to 31 May 2019
Start MTD	1 June 2019
First MTD return due	7 October 2019

Common Questions



Where can I find out
about software?



Speak to your existing provider
or providers.

Have a look on [GOV.UK](https://www.gov.uk)

Finding out more



<https://twitter.com/HMRCgovuk>



VAT Notice 700/22

The screenshot shows the GOV.UK website interface. At the top is a black header with the GOV.UK logo on the left and a search bar on the right. Below the header is a breadcrumb trail: Home > VAT Notice 700/22: Making Tax Digital for VAT. To the left of the main content area is the HM Revenue & Customs logo. The main content area features a large blue banner with the text 'Notice VAT Notice 700/22: Making Tax Digital for VAT' and 'Published 13 July 2018'. Below the banner, there is a 'Contents' section with a list of links: '1 Introduction' and '2 Check if you have to follow the Making Tax Digital'. To the right of the 'Contents' section, there is a paragraph of text: 'This notice provides information further to the provisions of The Value Added Tax (Amendment) Regulations 2018 (SI 2018 No. 261), which amend the VAT Regulations 1995 ('the regulations').'

GOV.UK

Search

Home > VAT Notice 700/22: Making Tax Digital for VAT

HM Revenue & Customs

Notice
VAT Notice 700/22: Making Tax Digital for VAT
Published 13 July 2018

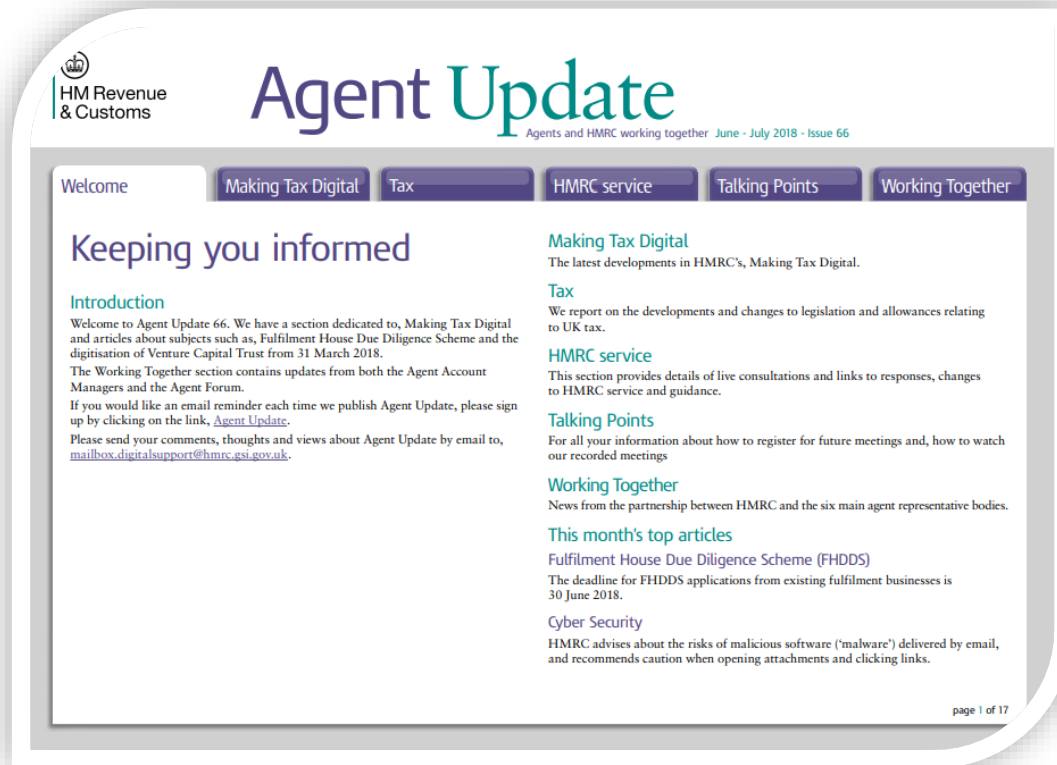
Contents

1 Introduction

2 Check if you have to follow the Making Tax Digital


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Agent Update 66



<https://www.gov.uk/government/publications/agent-update-issue-66>

Joining the VAT Pilot

 **GOV.UK**

[Departments](#) [Worldwide](#) [How government works](#) [Get involved](#)
[Publications](#) [Consultations](#) [Statistics](#) [Announcements](#)


[Home](#) > [Corporate information](#)

Press release

Making Tax Digital for VAT pilot open for business

A pilot for a new online VAT service was launched today, with HMRC inviting more than half a million businesses to try it ahead of new rules coming into force in April 2019.

Published 16 October 2018
From: [HM Revenue & Customs](#) and [The Rt Hon Mel Stride MP](#)



Related content

- [Corporate information](#)
- [Dealing with HMRC](#)
- [VAT](#)

MTD Timeline



MTD Timeline

October 2018

Pilot opens for sole traders and companies.

Exceptions:



- part of a VAT group or VAT Division
- not up to date with their VAT
- trading with the EU
- based overseas,
- submitting annually,
- making payments on account,
- using the VAT Flat Rate Scheme, and
- are newly registered for VAT

MTD Timeline



Late 2018

Private testing begins with partnerships, and those customers that trade with the EU.



MTD Timeline



Late 2018/early 2019

Pilot open to other sole traders and companies who are not up to date with their VAT, users of the Flat Rate Scheme, and businesses newly registered for VAT.



MTD Timeline



Early 2019

Pilot open to partnerships
and those customers that
trade with the EU



MTD Timeline



1 April 2019

Making Tax Digital mandated
for all customers (except those
that have been deferred)



MTD Timeline



Spring 2019
Pilot opens for
customers that
have been deferred



MTD Timeline

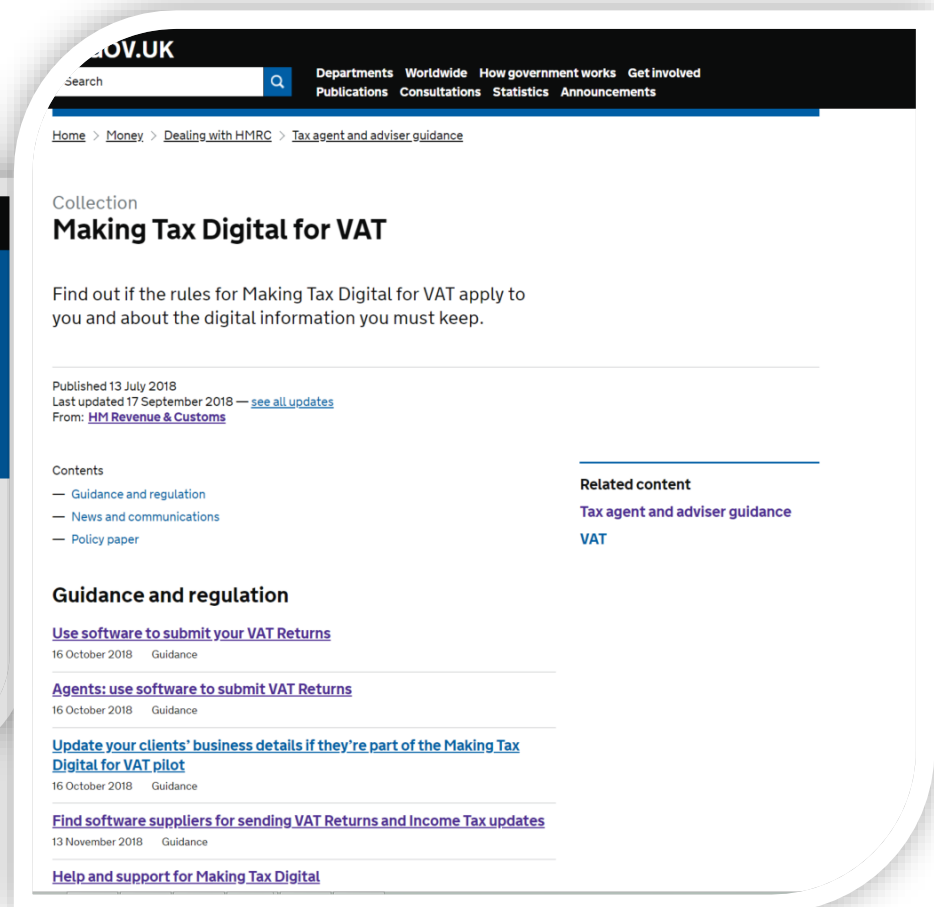
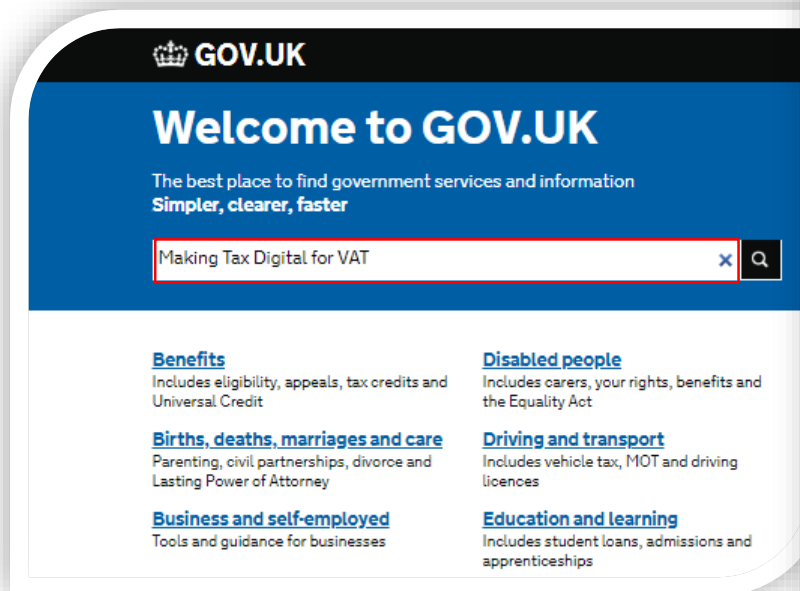
October 2019

Making Tax Digital mandated for customers that have been deferred.



- Trusts
- 'Not for profit' organisations that are not set up as a company
- VAT divisions
- VAT groups
- Public sector entities
- Local authorities
- Public corporations
- Traders based overseas,
- Payments on account
- Annual accounting scheme users.

Find out more – www.gov.uk



Thank you for listening

Customer Readiness External
Stakeholder Team

makingtaxdigital.mailbox@hmrc.gsi.gov.uk



The background image is a grayscale photograph of a city street at night. A large, arched bridge structure dominates the upper half of the frame. Below the bridge, a street with lane markings leads into the distance. On the left, there are some construction barriers and signs, one of which says 'BOXFARM'. On the right, there are multi-story buildings. The overall scene is dark, with some light trails from vehicles visible on the street. The logo 'arkksolutions' is centered over the image.

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Everything we do is increasingly in a digital format/context

HOME



WORK



ENTERTAINMENT



NETFLIX



XBOX LIVE

SHOPPING

amazon.com
Prime

Google



We're all #MakingLifeDigital at every turn

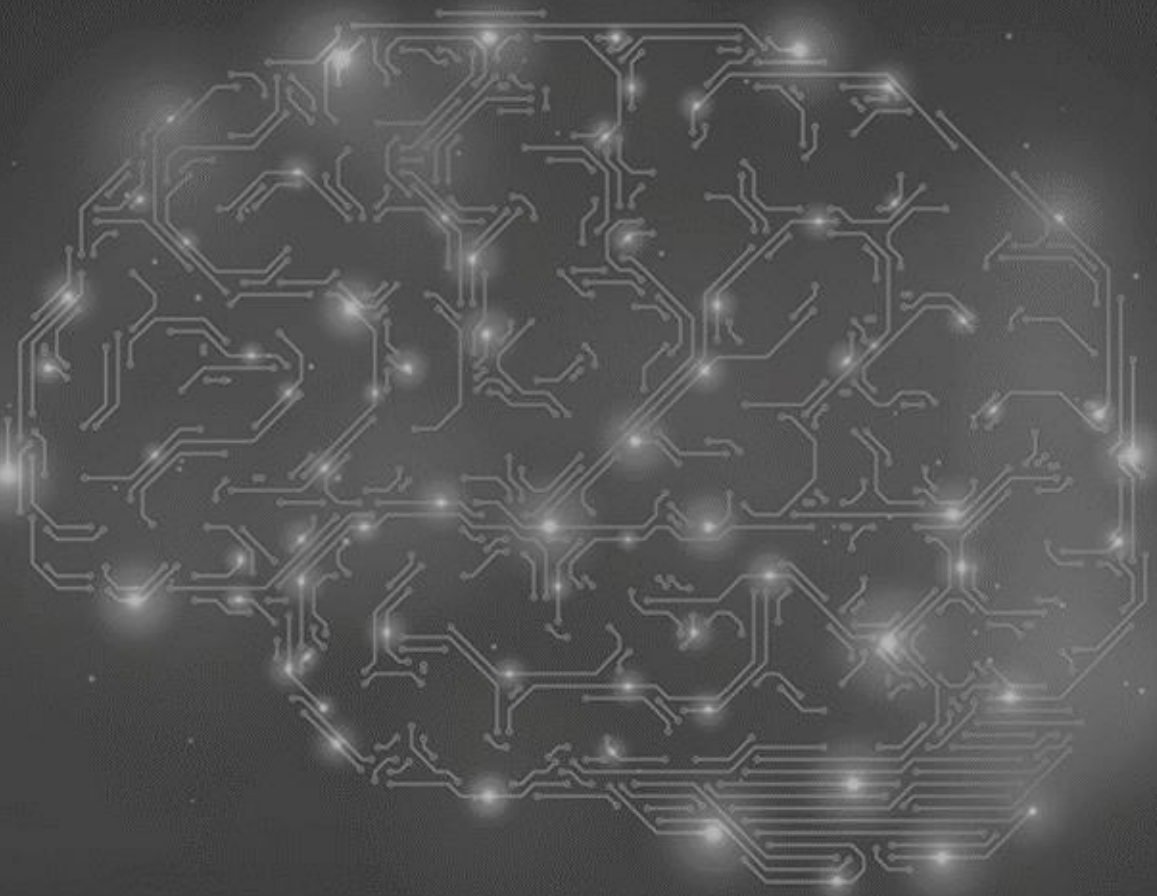


**This lifestyle shift continues to
engulf the world as we know it**



55% of startups have already adopted a digital business strategy compared to 38% of traditional enterprises.

52% of enterprises say enabling worker productivity through tools such as mobile, data access, and AI-assisted processes are the essence of their digital business strategy







**55% of companies think they have
one year to integrate digital
initiatives before falling behind their
competitors**



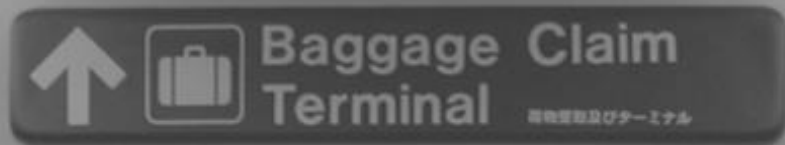
The Future Remains Digital



Making Tax Digital is the start of HMRC's journey to become
"one of the most digitally advanced tax administrations in the world."

The background is a dark gray grid of squares, each containing a small, lighter gray square in the center, creating a textured, woven appearance. Overlaid on this grid are faint, light gray alphanumeric characters and symbols, including letters like 'H', 'F', 'L', 'B', 'A', 'C', 'P', 'R', 'Q', 'S', 'T', 'U', 'V', 'W', 'X', 'Y', 'Z' and numbers like '0', '1', '2', '3', '4', '5', '6', '7', '8', '9'. These characters are arranged in a way that suggests a digital or data-related theme.

April 2019 – October 2019
Pilot extended



Still looking for a gateway?



**Or comfortably en route to
destination compliance?**

A black and white photograph showing the side profile of an airplane's wing and tail section. The wing extends from the left side of the frame towards the right, with the tail fin visible at the end. The background is a vast, cloudy sky. The text "Time to go beyond" is overlaid on the wing.

Time to go beyond

arkksolutions

Your gateway to the future
and digital compliance



Demo: Intelligent transaction approvals

Machine Learning: save time and improve the accuracy of your data cleansing process

FIX AND VERIFY

Waiting on... [Verify transactions](#) from [Bianca Austin](#)

These transactions have been flagged for verification as there are similar transactions with a different VAT treatment.

3 transactions require verification

Customer name	Product	VAT Treatment
Bright Inc.	Information Serv...	Reverse C...
Bright Inc.	Information Serv...	Reverse C...
Safari Ltd.	Document storag...	20%
Safari Ltd.	Document storag...	20%
Safari Ltd.	Document storag...	20%

[CANCEL](#) [SAVE CHANGES & VERIFY](#)

Demo: The VAT Return

Everyone is different. Customise the VAT process in the software to meet your specific requirements

VAT SUMMARY (NS SUPPORT)

Bianca Austin

NS Nero Software

VAT period comparison charts

SHOW

Mini Map

1:1

Zoom 100%

< >

Filter by

Start 24th Jun 2018 Due 1st Jul 2018

Complete

Provide transactions

Start 10th Jul 2018 Due 19th Jul 2018

PENDING

Summarise transactions

Start 26th Jul 2018 Due 31st Jul 2018

PENDING

Sign-off summary

@SteveAnderson I'm just pulling these numbers together, do you know where the files are for Project X?

Start 1st Jul 2018 Due 10th Jul 2018

IN PROGRESS

Fix and Verify

Waiting on... Verify transactions from Bianca Austin

VERIFY TRANSACTIONS

5 unverified transactions

Start 19th Jul 2018 Due 26th Jul 2018

PENDING

VAT Summary

VAT GROUP RETURN (NERO SOFTWARE) 1

Thomas Olsen ▾
 NS Nero Software ▾

Start 24th Jun 2018 Due 31st Jul 2018 Complete ✓ ...

[NS Management VAT Summary](#)

V

Start 10th Jun 2018 Due 15th Jul 2018 Complete ✓ ...

[NS Support VAT summary](#)

Start 12th Aug 2018 Due 22nd Aug 2018 PENDING ● ... Sign-off summary		Start 22nd Aug 2018 Due 31st Aug 2018 PENDING ● ... Submit return
-----------------------------------------------------------------------------------------	--	--------------------------------------------------------------------------------------

Start 2nd Aug 2018 Due 12th Aug 2018 IN PROGRESS ● ...

[VAT Summary](#)

Waiting on... [Add adjustments](#) from Thomas Olsen

VAT due on sales	1	£ 84,540.58	✎
VAT due on EU acquisitions	2	£ 31,476.62	✎
Total VAT due	3	£ 117,536.58	
VAT reclaimed on purchases	4	£ 59,537.54	✎
Net VAT to be paid for this period	5	£ 56,562.66	
Total value of sales excluding VAT	6	£ 1,207,760.00	✎
Total value of purchases excluding...	7	£ 796,260.00	✎
Total value of EC sales excluding VAT	8	£ 2,240.00	✎
Total value of EC purchases excluding...	9	£ 157,820.00	✎

ADD ADJUSTMENTS
or
Continue without adjustments


Demo: View and analyse your return

Enhanced reporting and machine learning give users greater visibility of the figures throughout the process

VAT SUMMARY (NS SUPPORT) 1

Start 19th Jul 2018 Due 26th Jul 2018 IN PROGRESS ...

[VAT Summary](#)



Waiting on... [Add adjustments](#) from  [Thomas Olsen](#)

VAT due on sales	1	£ 42,270.29	Edit
VAT due on EU acquisitions	2	£ 15,738.31	Edit
Total VAT due	3	£ 58,768.29	
VAT reclaimed on purchases	4	£ 29,768.77	Edit
Net VAT to be paid for this period	5	£ 28,281.83	
Total value of sales excluding VAT	6	£ 603,880.00	Edit
Total value of purchases excluding...	7	£ 398,130.00	Edit
Total value of EC sales excluding VAT	8	£ 1,120.00	Edit
Total value of EC purchases excluding...	9	£ 78,910.00	Edit

[Edit adjustments](#)
[CONFIRM](#)

Start 26th Jul 2018 Due 31st Jul 2018 PENDING ...

[Sign-off summary](#)

 Thomas Olsen ▼
 Nero Software ▼

VAT reclaimed on purchases as % of Net VAT to be paid for this period

Last Yr	15.4%	<div></div>	10.1% ▼
Last Qtr	10%	<div></div>	4.7% ▼
This Return	5.3%	<div></div>	

VAT due on sales as % of Total value of sales excluding VAT

Last Yr	6.4%	<div></div>	1.6% ▲
Last Qtr	8.2%	<div></div>	1.2% ▼
This Return	7%	<div></div>	

VAT reclaimed on purchases as % of Total value of purchases excluding VAT

Last Yr	10.3%	<div></div>	2.8% ▼
Last Qtr	15%	<div></div>	7.5% ▼
This Return	7.5%	<div></div>	

A black and white photograph of a rocket launch. A rocket is ascending vertically, leaving a long, straight, and slightly textured trail of white smoke or vapor behind it. The rocket itself is a small silhouette at the top of the trail. In the background, a jet streak is visible, consisting of two parallel white lines that converge towards the top of the frame. The sky is filled with scattered, wispy clouds. The overall tone is dramatic and emphasizes the height and trajectory of the launch.

The **journey** so far

*“We contributed to the development process of **Arkk’s MTD solution** as a Beta client to ensure we are setting up a foundation for the future, beyond only the VAT mandate.*

This guarantees our business remains at the forefront of early adoption for innovative tech, benefitting from all associated value, and as soon as possible. That’s what true advantage looks like to us...”

Kreeson Thathiah - Head of UK Client Money and Finance at eToro





Digital Tax compliance is here

JOIN US ON **THE JOURNEY**

arkksolutions

Get in Touch



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