

Press release: One month to go before introduction of Making Tax Digital for VAT

Almost 1.2 million businesses have one month to go before the introduction of Making Tax Digital (MTD) – a new way of keeping business records and submitting digital VAT returns.

HMRC is urging businesses to sign up now. [Easy-to-use guides](#) for businesses, agents and others are available on GOV.UK.

Nearly 30,000 businesses have already signed up to the new service which will give them a more integrated approach to business and tax. This will reduce the time they spend on administration in the longer term and make it easier for them to get their tax right.

For VAT periods from 1 April 2019, most businesses above the VAT threshold will need to keep their records digitally and submit their VAT return using MTD-compatible software. HMRC has written to every business that will be mandated with information on what they should do and how.

Mel Stride, Financial Secretary to the Treasury, said:

It has never been more important for businesses to be able to seize the opportunities that digital technology offers. Making Tax Digital helps them to do just that – making it easier for businesses to get their tax right first time by transforming how they keep their records and send information to HMRC.

It will give businesses more control over their finances, allowing them to spend time focusing on innovation, growth and the creation of jobs.

Theresa Middleton, Director of the Making Tax Digital for Business Programme, said:

There are over 160 software products for businesses to choose from with a range of prices, including some that are free, offering different levels of functionality to suit every business. It's time to get on board and join the thousands of businesses already experiencing the benefits of MTD.

Marco Forgione, CEO of the British Antique Dealers Association, said:

I urge all business to take action immediately. There are many very simple solutions available to make the process of filing really simple.

Making Tax Digital will help our members to streamline record keeping, ease the submission of returns and reduce the chances of an error or oversight. The process is straightforward and efficient.

What do businesses need to do?

Accountants or other tax representative will already be aware of MTD and will advise businesses how and when they need to make changes to be ready for the new service.

Those already using software will simply need to ensure it's MTD-compatible then sign up to the new service and authorise their software for MTD.

For those who are not using an accountant or don't currently use software, it is quick and easy to sign up and there is lots of information available to help them prepare, including about what software is available.

Take steps to find out if your business is affected by the Making Tax Digital changes and what you need to do if it is. Most businesses above the VAT threshold have to start keeping their records digitally and sending their VAT return to HMRC direct from their software for VAT periods starting on or after 1 April.

Talk to your accountant or other agent – if you use one to manage your VAT affairs – about how they are making returns MTD-compliant.

Speak to your software provider if you already use software to ensure it will be compatible.

Those businesses that are either not represented by an accountant and/or do not already use software will need to select software to use and sign up to MTD, then authorise their new software for MTD. Our GOV.UK webpages provide information on a wide variety of products, from free software for businesses with more straightforward tax affairs, to increasingly sophisticated paid solutions. There are also products that can be used in conjunction with a spreadsheet for those businesses that don't want to change their underlying record keeping system.

[There are webinars and videos for Making Tax Digital available online.](#)

MTD is part of the government's #Smartergov campaign which was launched to drive innovation through the public sector.

Further Information

HMRC recognises that businesses will require time to become familiar with the

new requirements of MTD. HMRC has been clear that during the first year of mandation, it will take a light touch approach to digital record keeping and filing penalties where businesses are doing their best to comply with the law. But this does not mean a blanket 'no penalties promise'.

No business will be forced to go digital for their VAT returns if they are unable to. Anyone who is already exempt from online filing of VAT will remain so under MTD, and there is further provision for those who cannot adapt to the new service due to age, disability, location or religion to apply for an exemption.

Those businesses that are registered for VAT but are below the VAT threshold are also not required to use the MTD service, but can choose to do so.