Making Tax Digital

General Features

01 November 2017

Secondary and tertiary legislation has been published for consultation

Following the publication in September of the Finance (No 2) Bill 2017 which contains the enabling legislation for Making Tax Digital (MTD) for both Income Tax and VAT, the government has launched a consultation on the proposed MTD for Business secondary and tertiary legislation, and they have also published the 'Making Tax Digital for VAT: legislation overview'. Whilst we expect the Finance Bill clauses to be enacted, the Regulations will not be laid before Parliament at this stage.

The Income Tax (Digital Requirements) Regulations

Found at on GOV.UK, these require businesses to use functional MTD compatible software to keep and preserve digital records, make quarterly updates and an end of period statement or partnership return. They define 'digital records' and set out the deadlines for making updates to HMRC, as well as how corrections and omissions will be dealt with. The Regulations also detail how retailers and partnerships will comply with MTD. Finally, the exemption for the digitally excluded is also continued in these Regulations, as are other exemptions such as those based on income thresholds and the size of business.

The Income tax (Digital Requirements) Notice

Found on GOV.UK, this provides information about the obligations businesses will have to meet. It explains what information businesses will need to include when providing their update information to HMRC each quarter. It also explains what additional information businesses will need to provide to finalise their taxable

business profits (or losses) as part of their end of period statement or partnership return. It also explains the varied digital record-keeping requirement for those businesses that have made a retail sales election under the Regulations.

The Income and Corporation Taxes (Electronic Communications) (Amendment) Regulations

Found at on GOV.UK, these update existing regulations concerning HMRC's use of electronic communications so that HMRC is permitted to use electronic communications to deliver communications related to MTD to a person or partnership who is subject to the requirements of MTD.

The Making Tax Digital for VAT: legislation overview

Found on GOV.UK, this provides an overview of the primary and secondary legislation required to enact MTD for VAT, which will come into force from April 2019. It specifies the electronic record keeping requirements for VAT and what VAT return information will be required to be submitted to HMRC. The paper also sets out how MTD for VAT will work for retail schemes, the flat rate scheme, annual returns and amendments/error corrections.

If you have any comments on the consultation that you would like us to include in our responses to HMRC, please send them to technical@ciot.org.uk or atttechnical@att.org.uk.

You can also send comments directly to HMRC at makingtaxdigital.consultations@hmrc.gsi.gov.uk.

The deadline for all responses and comments to be sent to HMRC is Friday 10 November 2017.