Making Tax Digital

Management of taxes **Personal tax**

01 August 2018

At the time of writing (early July), there is only one new development to report on the MTD front since our update piece in June's Technical Newsdesk: the draft legislation to deal with penalties for failing to make returns, penalties for late payment, and the way that interest is charged and repaid for VAT was published on 6 July 2018.

In summary, the legislation for penalties for failing to make returns introduces a new points-based penalty system, which will apply to returns (including MTD updates) with a regular filing frequency, for example monthly, quarterly or annually.

Late payment penalties will be harmonised across corporation tax, income tax self-assessment and VAT. The penalties will consist of two penalty charges, one charge based upon payments and agreements to pay in the first 30 days after the payment due date and another charge based upon how long the debt remains outstanding after the 30 days.

The VAT interest rules will change and will be similar to those that currently exist in income tax self-assessment and corporation tax. The measure will make the following changes to interest payments in VAT:

General rule: when an amount is not paid by the due date, late payment interest will be charged to the taxpayer from the date that the payment was due until the date that the payment is received

Interest on amounts due to taxpayers: HMRC will pay repayment interest when it has held taxpayer repayments for longer than it should. By the time you read this article, we are expecting that the VAT Notice should have been issued which will explain in more detail how MTD will work for VAT, and the consultation on how MTD will work for corporation tax should also have been published. We would very much welcome your comments on this consultation to help us deliver a comprehensive response on

the proposals to HMRC. Please send your comments to technical@ciot.org.uk and atttechnical@att.org.uk.

Because our Technical Newsdesk articles are written a few weeks before you receive your copy of Tax Adviser, we recommend that members look at the dedicated MTD pages on our websites to keep themselves up-to-date with news about MTD – see the CIOT and ATT websites.

CIOT/ATT Webinar

Thank you to everyone who took part in our webinar on 7 June 2018. Over 800 people tuned in – a record for a CIOT/ATT webinar!
The webinar was recorded and will be available to view for 12 months. It can be accessed at the here and the webinar slides can be downloaded from our websites – see the CIOT and ATT websites.

During the webinar we received over 70 questions. We were able to cover some of these during the webinar itself, but not all by any means. We have therefore compiled a list of Questions and Answers, which we have posted on our websites – see the CIOT and ATT websites.

There are a few questions where we have sought HMRC's input, and we will update the Q&As when replies have been received. If you have any further questions about MTD, please email them to technical@ciot.org.uk or atttechnical@att.org.uk.

We are intending to run further MTD webinars in November 2018 and February/March 2019 and will publicise the dates nearer the time on our website and in our regular member communications. We also have a number of MTD branch events.