Making Tax Digital: HMRC updates notice 700/22 with guidance for exemption

General Features **Indirect Tax**

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In the Making Tax Digital ('MTD') article in the March edition of *Tax Adviser*, we reported that HMRC were producing new guidance on applying for exemption for MTD: this was published on 28 February.

Section 3 of Public Notice 700 /22 sets out the rules and provides examples for those who may be considering whether they could be exempt from MTD.

Can I do nothing?

Several categories of taxpayer are automatically exempt from MTD and need take no action, including:

- taxpayers who are currently exempt from online filing of their VAT returns; and,
- those who are voluntarily registered for VAT because their taxable income (standard/reduced/zero rated) is below the VAT registration threshold. The turnover test excludes exempt and outside the scope income. Voluntary registered taxpayers can opt-in to MTD should they choose.

What do I do next?

For those not automatically exempted, exemptions are available for reasons such as age, disability, remoteness of location, religious beliefs, or for any other reason where it is not reasonably practical to comply with MTD. HMRC will consider these requests on a case by case basis and several examples of what may or may not qualify are set out in the guidance. Taxpayers or their authorised representatives can either call the VAT Helpline or write to the HMRC Enquiries team in Glasgow. If a

representative is a family member or a friend, the taxpayer can give verbal authorisation on a call to HMRC.

Then what happens?

Verbal or written applications will be considered by HMRC who will respond in writing. If the application is rejected, the letter will set out the reasons why it has not been accepted and the route to appeal. If an appeal goes ahead, the taxpayer can carry on using the online portal for filing VAT returns until the final decision is made.