Making Tax Digital for VAT

General Features **Indirect Tax**

01 August 2019

As we approach the first quarterly submission deadline for MTD for VAT, we report below on a number of developments that might affect you and your clients.

7 August 2019 is the deadline for the first quarterly VAT returns due under MTD (June to August, or 'stagger one' returns). We have been working with HMRC to identify and resolve some of the gremlins in the system and we keep the CIOT and ATT websites up to date with developments as they arise.

Online VAT certificate

For businesses signed up to MTD, the ability to view the online VAT certificate was lost. HMRC have been working to resolve this and the vast majority of taxpayers signed up to MTD are now able to view their VAT certificate in their Business Tax Account. The functionality for agents to access this information should be delivered this month. In the meantime, agents can call the VAT helpline (0300 200 3700) or ask their client to obtain the information.

The functionality for a small number of taxpayers with non-standard accounting periods will be delivered later this year (date to be confirmed).

Overseas businesses

Notwithstanding some mixed messages, overseas businesses can join MTD now in advance of their 1 October 2019 mandation date. HMRC have informed us that they are experiencing an issue affecting some overseas customers who have either not registered for VAT properly, or where HMRC do not hold the correct information on their system. For example, if the address held is the address of the UK based tax agent, this means that HMRC's system will not recognise it as an overseas business for the purposes of MTD; therefore, when the overseas business tries to sign up, the system will assume it is UK based and ask for a company registration number to

check with Companies House, which cannot be provided. HMRC are currently looking at the best way to address this issue and the affected customers, and will have a fix in place before 1 October.

We suspect this may also be why some overseas businesses have not received the expected deferral letters from HMRC, in which case they should contact the VAT helpline to request one.

Direct debits

There have been a number of occasions where HMRC have not collected direct debit payments from businesses. One of the contributory factors to this is where the business (or their agent) signs up to MTD too close to their VAT return submission deadline and so leaves insufficient time to allow HMRC to transfer their records to their new systems. An inhibit has now been put in place to prevent this arising, but if you are unclear as to the correct time to sign up please see GOV.UK or the illustration on the CIOT website.

If you or your clients have experienced this issue in relation to their pre-MTD returns, HMRC state that they are rectifying the situation as a matter of priority and expect to have collected all outstanding payments by 22 July. If payment has not been collected by this date, contact the VAT helpline.

As noted above, we remain in discussions with HMRC about MTD, so please keep an eye on our websites for ongoing developments.