Making tax digital and digital tax accounts

Management of taxes

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CIOT set up new working group ‘Digitalisation and Agents Strategy’

In December, HMRC published the Making Tax Digital Roadmap and announced that the government would consult on options to simplify the payment of taxes, align payment arrangements and bring payment dates closer to the time of the activity or transactions generating the tax liability. The documents can be found at here.

The CIOT, ATT and LITRG representatives met again with HMRC in December to discuss the digital tax account for business, which is intended to be rolled out between April 2018 and April 2020. HMRC told us that it proposes that quarterly reporting using accounting software that can interact with HMRC’s systems will be compulsory for unincorporated businesses, landlords and companies (but there will be exemptions – as yet unknown). In the months ahead, HMRC will hold a formal and informal consultation with representative bodies and other stakeholders on how this will work.

By April 2016 every individual taxpayer will have access to their own digital personal tax account. For now we understand that the account provides:

- the ability to view your personal details (name, National Insurance number and address);
- a tax estimate service telling you how much you will pay through PAYE, and allowing you to check the information your estimate is based on;
- the ability to tell HMRC about changes to particular taxable benefits from your employer; and
- links to income tax-related online forms on GOV.UK.

Taxpayers can also choose to receive electronic rather than paper communications (agents will still receive paper copies for clients who go paperless). Non-business digital self-assessment taxpayers will start to be moved from ‘your tax account’ to the personal tax account, giving them the opportunity to use these additional services.

HMRC has advised that the personal tax account is not currently designed for use by agents but it is to improve the service to provide them access. Until then agents should not try to access it on behalf of a client. If agents log on to submit a return using their client’s credentials, this can create security alerts that HMRC staff will need to investigate. This can delay clients receiving their repayments.

Making Tax Digital is a huge project that will bring in fundamental changes to the tax system and how both taxpayers and agents interact with it. Maintaining and synchronising agent access will be a key part of this. Recognising the importance of this whole area, the CIOT is setting up a dedicated working group, Digitalisation and Agents Strategy, chaired by Adrian Rudd, to focus on this project.

We welcome comments and feedback from members about all aspects of Making Tax Digital.