Making Tax Digital – member survey and webinar

General Features

01 November 2016

A big thank you to those members who participated in the member survey and our webinar (held on 22 September)

Our survey

The survey closed on 3 October and we received an impressive 1,082 replies, which is a great response rate. We have sent the results to HMRC, and we will be using them when we respond to the various MTD consultations which close on 7 November.

Our survey asked a mixture of high-level questions (such as the expected burden on clients and advisers) and specific questions (such as the threshold for exemption from MTD). The main results from the survey are summarised below:

- Just over half of respondents are fairly clear on what the MTD proposals mean, but a large proportion still need to engage with MTD.
- Over 95% of respondents consider that compulsory digital record keeping and quarterly reporting will place an additional burden on their clients.
- Nearly 90% of respondents consider that compulsory digital record keeping and quarterly reporting will place an additional burden on their practice.
- Around 40% of respondents consider that compulsory digital record keeping and quarterly reporting will increase errors by their clients, with a similar number considering it will have limited impact. Only 1% of respondents felt it would lead to a significant reduction in errors, with around 9% thinking it will lead to a small reduction in errors.
- Nearly 92% of respondents consider that advisers should be able to keep digital records and file quarterly reports on behalf of their clients.

- Nearly 89% of respondents believe that the timeframe for implementing quarterly reporting should be extended.
- Approximately 61% of clients will need to move from paper/hard copy accounting records to digital records, and around 70% of those clients will need help with moving to digital record keeping.
- Approximately 70% of clients will also need help with their MTD reporting obligations, including filing their quarterly updates with HMRC and completing their ‘End of Year’ activity.
- There was a mixed response as to whether the threshold for the cash basis should be increased from the VAT registration threshold. 29% of respondents suggested it should remain at £83,000, with the next popular options to increase to £100,000 (19%), doubled to £166,000 (17%) or increased to £150,000 (16%). A number of respondents were not in favour of the cash basis and thought it should be scrapped.
- There was also a mixed response as to whether respondents would advise clients to use the cash basis if the threshold was increased. 33% of respondents said yes they would, whereas 27% would not, and 33% did not know.
- In relation to extending the cash basis to property businesses, with no turnover threshold, 58% of respondents were in favour of such a move, whereas 22% were not, and 20% did not know.
- Almost 87% of respondents consider that the £10,000 threshold for exemption from MTD is too low and nearly 25% of those indicated that the VAT registration threshold was the right level.
- The VAT registration threshold was also the most popular choice of threshold for businesses who should benefit from the 12 month deferral of MTD, with 62% of respondents selecting this option. 17% of respondents thought an even higher level was appropriate.
- 74% of respondents agreed with the exclusion of MTD for charities, CASCs, Insolvency businesses etc.
- When considering what financial support the government might provide towards the cost of meeting MTD obligations, 55% of respondents favoured a tax-free incentive payment, with a significant drop then to enhanced capital allowances/tax deductions (17%) and a voucher scheme (16%).
- On average, only circa 15% of respondents’ clients have accessed their digital tax accounts (DTA), and only 33% of respondents had accessed their own DTAs; although around two-thirds of those who had accessed their DTA found it easy

to access and use. Those who hadn’t accessed their DTA cited not needing to access it (49%) as the main reason.

Our webinar

More than 160 members watched our live webinar, and many more have subsequently viewed the recording. I was delighted to be joined by Adrian Rudd and Tina Riches, both of whom are CIOT volunteers heavily involved with our technical work.

The webinar provided an overview of the MTD proposals before running through the main elements of the six consultation documents and the types of issue being consulted upon. An interesting Q&A session covered issues such as agent access, reporting investment and other non-business income, data security, and changing accounting period ends.

The webinar can still be watched at tinyurl.com/hqp54jb and we will publish our responses to the consultation documents as soon as they are available.