



## MTD Update for Agents #5: 29<sup>th</sup> March 2019

Dear Agent

Welcome to the 5<sup>th</sup> edition of our Making Tax Digital Update for Agents!

This will be the last edition *before* MTD Mandation on 1 April 2019.

If there's any subject you'd like us to cover in future updates please let us know via the MTD mailbox:

[makingtaxdigital.mailbox@hmrc.gsi.gov.uk](mailto:makingtaxdigital.mailbox@hmrc.gsi.gov.uk)

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### Government Spring Statement and MTD

On 13 March 2019 the Chancellor of the Exchequer gave his Spring Statement to the House of Commons. This was accompanied by an associated Written Ministerial Statement laid before the House and available online –

<https://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2019-03-13/HCWS1407/>

The Written Statement reaffirms the Government's commitment to Making Tax Digital (MTD). Businesses with taxable turnover above the VAT threshold (currently £85,000) will have to keep their VAT records digitally and submit their VAT returns using MTD compatible software for VAT periods starting on or after 1 April 2019, as part of MTD for VAT.

The VAT pilot service is progressing well, with over 70,000 businesses in the pilot and over 200 MTD compatible software products available, including some free products, and over 140 existing subscription products being updated at no cost at all.

The government continues to listen to feedback from business, and recognises the importance of supporting businesses through the transition to MTD. The Written Ministerial Statement therefore confirmed a light touch approach to penalties in the first year of implementation. Where businesses are doing their best to comply, no filing or record keeping penalties will be issued.

The Government had previously committed not to extend the mandation of MTD to any new taxes or businesses until the system has been shown to work well, and not before 2020 at the earliest. Given the immediate focus will be on supporting businesses to transition to the new service, and in order to provide certainty, the statement also confirmed the Government will not be mandating MTD for any new taxes or businesses in 2020.

## Key Updates

- **VAT Notice 700/22**

This is the main guidance relating to Making Tax Digital for VAT. This was updated on 5 March 2019 with guidance on who is exempt from following the rules for Making Tax Digital for VAT, and outlines the application process.

<https://www.gov.uk/government/publications/vat-notice-70022-making-tax-digital-for-vat/vat-notice-70022-making-tax-digital-for-vat>

- **Software choices selection tool**

The software choices selection tool on GOV.UK <https://www.tax.service.gov.uk/making-tax-digital-software> has been enhanced with the addition of filters in regards to accessibility, and bridging software.

- **Lost credentials**

We are aware that many agents have multiple Government Gateway accounts and IDs. On occasion, these sometimes get lost, or forgotten, despite best efforts to keep them safe.

There is currently an increase in calls from agents advising that they do not have / remember the credentials generated when they created their Agent Services Account for the Trust Registration Service – this is the *same* ASA that is used to access MTD VAT. In many cases Agents have not realised that they have already created an account for Trusts so they think they have lost the credentials when, in fact, a colleague has the login details.

If an agent loses their ASA credentials they have to contact the VAT Helpline who will delete their account so they can set up a new one; we are unable to advise agents of the credentials that they were given on set up. This shows the importance of keeping these safe.

## Key reminders

- **Requirement to Sign-up to Making Tax Digital**

Please note that all businesses affected by MTD have to either sign themselves up or have an agent sign them up on their behalf. **This is not automatic and HMRC are not signing businesses up.**

- **Step by Step Guides**

In response to feedback we have been working on our VAT sign-up advice for businesses and agents and have produced two simple step-by-step guides:

[Agent Step by Step Guide](#)

[Business Step by Step Guide](#)

We hope that these will act as a helpful resource for you and your clients.

- **Getting help with sign up to ASA and MTD**

If you have any issues creating a new ASA, linking clients or signing clients up to MTD you should select the link '**Get help with this page**' on the GOV.UK page you are on. This will raise a query with our IT Service Desk who will investigate and respond accordingly.

Alternatively contact the **VAT Helpline** on 0300 200 3700 and make sure you make it clear that it relates to Making Tax Digital.

## Income Tax Pilot

Agents of sole traders and landlords are reminded that there is an alternative to the Self Assessment tax return: <https://www.gov.uk/guidance/agents-use-software-to-send-income-tax-updates>

There is a list of software on [gov.uk](https://www.gov.uk), but your existing software provider may be testing their product behind the scenes.

Once you have compatible software and a new Agent Services Account, it's easy to join the MTD pilot for Income Tax with 1 or 2 clients that already keep digital records. If you, or your client, decide that the pilot is not for you, you can submit a Self-Assessment return as normal.



## Spotlight On..... Agent Services Account

Your tax agent firm will need an agent services account to access some HMRC services - this is different to your [HMRC online services for agents](#) account.

You use an agent services account to access:

- [Making Tax Digital services](#)
- [register your client's estate](#)
- [register your client's trust](#)

You do not need to add services to your agent services account.

There's a different way to [apply for an agent services account if you're not based in the UK](#).

### **What you need**

You'll need the Unique Taxpayer Reference (UTR) for your tax agent firm. This will be your:

- Corporation Tax or company UTR for a limited company
- partnership UTR for a partnership or limited liability partnership
- Self Assessment UTR if you're a sole trader

You'll also need:

- the Government Gateway user ID and password you use to access [HMRC online services for agents](#)
- the postcode associated with your UTR
- your [money laundering supervisory body](#) details, including:
  - your supervisory body's name
  - your membership number
  - the date your membership expires

### **Create an account**

You must be the person responsible for your firm's tax or administrative matters.

You'll need to sign in first using the Government Gateway user ID and password you use to access [HMRC online services for agents](#).

[Start now](#)

### **What happens next**

You'll get a new Government Gateway user ID and password which you'll use to sign in to your [agent services account](#).

You'll sign in to your [HMRC online services for agents](#) account the same way as before with your old Government Gateway user ID and password.

You can [link or add clients to your agent services account](#).

### **Get help**

If you need help, you can:

- [follow the agent step by step](#) for Making Tax Digital
- [watch a video to see how to create an agent services account](#)
- [call the HMRC Self Assessment online services helpline](#) for help with Making Tax Digital for Income Tax
- [call the VAT online services helpline](#) for help with Making Tax Digital for VAT

## **Top Questions about Agent Services Account**

### **Q. Why do we need a new Agent Services Account?**

Agents will have existing online service accounts to submit VAT returns through the Government Gateway VAT portal. Making Tax Digital is using a new, and different back-end platform. As such a *different* access is required – the new Agent Services Account. The ASA will, in time, become the single access point to MTD services as we migrate further services in the future.

### **Q. Where can I get help creating the new Agent Services Account?**

The Step by Step guide and how to create an ASA guides have proved very popular. The links are in the Useful Links section at the end of the Update.

On the last Talking Points webinars we ran through live ASA creation sessions, having advised what information would be required. Saw the largest daily number of ASAs created so far!

### **Q. Why can't I see a Client List in the new Agent Services Account?**

For the purposes of MTD and the Agent Services Account, the assumption has been that we will not display client lists within our web pages, following the decision to allocate agent-client relationships at Affinity Group level rather than at user level. To display any form of client list would make all clients visible to all users of the affinity group, not just the user allocated to that client.

### **Coming soon**

HMRC continue to deliver webinars on Making Tax Digital for both Agents and Businesses.

The next Agent Talking Points will be on 12<sup>th</sup> and 16<sup>th</sup> April 2019.

Last Agent Talking Points covered creating the new Agent Services Account live, and saw the most ASAs created in a single day to date!

The next Business MTD webinars will be on 4<sup>th</sup> and 8<sup>th</sup> April 2019 - inform your clients!

We look forward to as many joining the sessions as possible!

You can sign up to attend Talking Points here <https://www.gov.uk/guidance/help-and-support-for-agents>

### **Mythbusters**

- **[Everyone will have to join the service by 1 April 2019](#)**

#### **This is not correct**

Businesses are required to join MTD and submit their VAT returns using the new service for their first VAT period which *begins on or after 1 April*.

For the majority, who file quarterly, their first MTD returns won't be due until August or later. It is recommended that businesses complete their "last" non MTD return under current methods, and then sign up for MTD.

But remember – businesses will need to have signed up to the service, begun keeping their records digitally and set up their MTD compliant software to send information to MTD, in good time before they file their first return under MTD.

- **[Businesses don't know it's happening or what to do](#)**

#### **That is not correct.**

Even back in December 8 in 10 of the businesses required to join were aware of MTD, and over 80% of them had already started to make preparations. By the end of February we will have written to every business to tell them how to prepare and where to get more information. We've also worked extensively with stakeholders and software developers to shape the design of the service.

- **Businesses can't use spreadsheets as part of MTD**

**That is not correct.**

Businesses can choose to use spreadsheets to both maintain digital records and perform tax calculations, provided the spreadsheets combine with some form of 'bridging' software that will allow their VAT return data to be sent to HMRC from the spreadsheet.

- **HMRC will penalise me if I get the new process wrong**

**That is not correct.**

HMRC recognises that businesses will require time to become familiar with the new requirements of MTD.

During the first year of mandation HMRC will take a light touch approach to digital record keeping and filing penalties where businesses are doing their best to comply with the law.

- **MTD won't reduce errors**

**That is not correct.**

Keeping records on paper and submitting VAT returns to HMRC manually results in errors – in a recent YouGov poll 61% of businesses said they have previously lost receipts – and errors also occur in the manual transposition of data and manual calculations.

MTD offers a more integrated approach to business administration and tax, reducing the time businesses spend on administration in the longer term and making it easier for them to get their tax right.

## Useful links

[Making Tax Digital for VAT as an agent: step by step](#)

[Sign in to your agent services account](#)

[Link clients to your agent services account](#)

[Sign up for Making Tax Digital for VAT](#)

[Check when a business must follow the rules for Making Tax Digital for VAT](#)

[Create an agent services account](#)

[Help and support for Making Tax Digital](#)

[Update your client's details for Making Tax Digital for VAT](#)

[Find software suppliers for sending VAT Returns and Income Tax updates: Making Tax Digital for VAT](#) and [Making Tax Digital for Income Tax](#).