



**MAKING
TAX DIGITAL**



Making Tax Digital Update for Agents Issue 1: 20 December 2018

Dear Agent

As expected, the move into the public beta phase of the VAT pilot in October is creating a flurry of activity for Agents and businesses alike who are preparing for the upcoming changes.

We've brought together the latest updates into this update. If there's any subject that you'd like us to cover in future updates please let us know via the MTD mailbox

makingtaxdigital.mailbox@hmrc.gsi.gov.uk

The team would like to thank you for all your engagement over the past year and wish you a very happy festive period.

LATEST NEWS

After completing private testing we have today opened the pilot for Partnerships and users of the Flat Rate Scheme

Private testing has now been successfully completed for partnerships and I am delighted to tell you that as of today, they are able to voluntarily join the MTD VAT service and begin to test the service ahead of its introduction. We have also updated our guidance to reflect the fact that Flat Rate Scheme users can now join the pilot.

MTD letters to businesses

We are continuing to send letters to all mandated VAT customers. Over 200,000 have already been sent and we are issuing them at a rate of around 20,000 a day until all mandated businesses have received a letter (with a break over the Christmas period).

As a bit of background, there are three letters:

1 x telling businesses that they will need to sign-up to Making Tax Digital and submit their VAT returns using the MTD service for periods starting on or after 1 April.

1 x telling businesses that they will *probably* need to sign-up to MTD (depending on their taxable turnover in the 12 months leading up to April 2019) so will need to consider if this is the case and take action.

1x to a smaller group of businesses who don't need to sign-up to MTD until October as they've been deferred. Guidance on deferred businesses can be found within the stakeholder communications pack.

<https://www.gov.uk/government/publications/making-tax-digital-for-business-stakeholder-communications-pack/making-tax-digital-for-business-stakeholder-communications-pack>

MTD communications

The [Stakeholder communications pack](#) is intended to provide source material and information to help inform your MTD communications for both Income Tax and VAT.

The pack can be used to support letters, articles, presentations, social media activity or web content planned by stakeholders.

In addition to the communication pack, Agent Update no 69 has been released and gives the step by step guide to the process for setting up the new Agent Services Account:

<https://www.gov.uk/government/publications/agent-update-issue-69>

If you don't already receive them, you may want to consider signing up for future Agent updates which will give up to date information on MTD: [Register for Agent Updates](#)

Myth busters

- The existing HMRC VAT portal will close in Apr 19. **This is incorrect.**
The existing portal will not close in April 19. The portal must remain open for businesses voluntarily registered for VAT that are under the VAT threshold. The new rules only apply to businesses over the threshold, although those under the threshold can join voluntarily.
- 2 million businesses are mandated under MTD VAT. **This is incorrect.**
There are around 1.2 million businesses with a turnover above the VAT threshold who are mandated under MTD VAT.
- MTD for VAT is being postponed. **This is incorrect.**
A very small proportion of the mandated population have been deferred until October 2019 (full details can be found in the [Stakeholder communications pack](#))
- MTD requires a cloud based software package. **This is incorrect.**
MTD requires digital record-keeping and submission of the VAT return data via third party software, but that software does not have to be cloud-based. For full details and examples please see [VAT notice 700/22](#)
- Spreadsheets are not allowed under MTD **This is incorrect**
If you or your client use spreadsheets to keep business records you'll need MTD-compatible software to send HMRC their quarterly VAT returns and receive information back from HMRC. Bridging software may be required to make spreadsheets MTD-compatible.

Sign Up For MTD for VAT

HMRC have been seeing some customers who have joined the VAT pilot continuing to file their VAT returns through legacy channels; the HMRC VAT portal and through the third party XML channel.

In some cases this is because the agent or businesses is already using software but either hasn't got the MTD version or hasn't 'switched on' the MTD element of it.

To help customers get it right we have placed message on the VAT portal, updated our guidance and changed the sign up journey, adding two new questions to ensure people have MTD software in place:

- “Do you have accounting software for managing your VAT records?” The required answer is yes or no. If they select ‘no’ they are advised to get software before signing up, cannot continue and are directed to the software supplies pages on GOV.UK
- Answering ‘yes’ to the first question takes you to question two - “Is your software ready to submit your MTD VAT Returns directly to HMRC? If ‘no’ is selected here they are again directed out of the sign-up journey and asked to speak to their software provider.

Top 5 Agent Questions on MTD

1. I’ve set up my new Agent Services Account but can’t see a client list

This is correct. You won’t be able to see a list of your clients in the new account after you have linked them – or added any new clients. But once you have sign up each client for MTD for VAT the client may appear on a client list in your commercial software to give you access to your clients data. But this will depend on what sort of software you are using for your firm.

2. What do I do now I’ve linked my clients to my new Agent Service Account?

You need to register your software and sign your clients up to MTD. This is stages 3 and 4 in the process described in Agent Update 69:

<https://www.gov.uk/government/publications/agent-update-issue-69>

3. Do I need to sign my clients up individually for MTD?

Yes, or they can do it themselves.

4. Where can I get help if I get into difficulties setting up my new Agent Services Account?

At any point in the process, if you get stuck, you can use the “get help” function available at the bottom of each page. This is the most efficient way for you to report issues and for HMRC to respond. This is because it pinpoints at which stage the issue occurred and we can quickly rectify the problem or give our technical team the right details to investigate.

The Agent Helpline (0300 200 3311) can take your calls regarding MTD issues. If you quote MTD and Agent Services you’ll be sent to the right team to help you through the process.

5. Do I need new 64-8 forms for my clients?

No, you add your existing client relationships to your new Agent Services Account so that you don’t have to re-authorise all the clients you hold relationships with for VAT.

Useful MTD links

- [Use software to submit your VAT Returns](#) – A guide for businesses, outlining who can sign up to the MTD for VAT pilot and providing details of how to join.
- [Agents: use software to submit VAT Returns](#) – A guide for agents, outlining how agents and their clients can sign up for the MTD for VAT pilot and details of how to join.
- [Stakeholder communications pack](#) - dedicated resource for key stakeholders to obtain all the facts about MTD
- [VAT notice 700/22](#)
- [MTD: How VAT businesses and other VAT entities can get ready](#)

Videos available on our [help and support page](#):

- [How to sign up for Making Tax Digital for VAT?](#)
- [How does Making Tax Digital for VAT affect you?](#)
- [Making Tax Digital for VAT - What is compatible software?](#)
- [Digital Record Keeping for VAT](#)
- [Creating an Agent Services Account](#)
- [Webinars and events for making tax digital](#)