

AUGUST 2022

Filing your VAT return

Have you signed up to MTD for VAT?

Making Tax Digital (MTD) for VAT now applies to all VAT-registered business. If your Vatable turnover is below the VAT registration threshold of £85,000 and you did not sign up for MTD for VAT voluntarily, you needed to start complying with MTD for VAT from the start of your first VAT accounting period to begin on or after 1 April 2022. This will affect how you file your VAT return.

Key dates

You will not be able to use the existing VAT online software to file your quarterly VAT return from Tuesday 1 November 2022 onwards. HMRC have now written to all accountants advising them that the light touch approach that they have previously adopted will stop. They will now start to issue penalties. However, if you file annual VAT returns, the existing online service will remain available until 15 May 2023.

This note explains how you will need to comply with these changes. We can help and are ready to do so.

Choose MTD-compatible software

Under MTD for VAT, you must maintain digital records and file your tax quarterly VAT returns using MTD-compatible software. If you have not already chosen a software package or appointed an agent to file your VAT returns on your behalf, you will need to find software that is suitable for your needs. HMRC produce a list of software that is compatible with MTD for VAT. The list can be found on the Gov.uk website at www.gov.uk/guidance/find-software-thats-compatible-with-making-tax-digital-for-vat.

We have a preferred solution that links directly to our statutory compliance software and we would recommend that you speak to us. We can save you time and money. We would be happy to discuss the digital capture and accounts pathway that we recommend. This is IRIS Kashflow.

Check permissions

Before you can file your return using MTD compatible-software, you will need to check the permissions in your software. Guidance on the Gov.uk website (at www.gov.uk/permission-software-tax-information) explains how to do this.

Once this has been done, you will be able to file your VAT return using your chosen software. **Again we stand ready to help you with this.**

Keep Digital Records

Under MTD for VAT you must keep your VAT records digitally. You can either use a software package for this or a spreadsheet. However, if you use a spreadsheet, or a package that is not part of your filing package, the links between your records and your return software must be digital; you cannot manually enter figures from a spreadsheet into the software package.

Guidance on the VAT records that you need to keep can be found on the Gov.uk website at www.gov.uk/charge-reclaim-record-vat/keeping-vat-records.

Sign up for MTD for VAT

If you have not already done so, you will need to sign up for MTD for VAT. The guidance on the Gov.uk website will tell you how (see www.gov.uk/charge-reclaim-record-vat/sign-up-making-tax-digital-for-vat). **Alternatively, we can help sign you up.**

This should be done sooner rather than later – all VAT-registered businesses are now within MTD for VAT.

Comply to avoid penalties

If you had not previously opted to join MTD for VAT, you should have started filing your VAT returns using MTD-compatible software from your first return period to start on or after 1 April 2022. Depending on your VAT cycle, this the return to 30 June 2022, to 31 July 2022 or to 31 August 2022.

If you have missed this and continued to file using VAT online, you will need to switch over to MTD for VAT compatible software as a matter of urgency to avoid penalties for failing to file digitally.

Please call if you need help with any of the issues raised in this alert.