

# Making Tax Digital

**In the Budget yesterday the Chancellor confirmed that Making Tax Digital, which will introduce quarterly tax reporting, will start to be implemented from April 2018 using the following criteria:**

- Self employed, partnerships and landlords with annual turnovers of less than £10,000 are exempt from these requirements
- Self employed, partnerships and landlords with turnover above the annual VAT threshold of £85,000 are required to report from April 2018
- Self employed, partnerships and landlords with turnover less than the annual VAT threshold of £85,000 are required to report from April 2019
- Companies are required to report from April 2020

This is the biggest change in the UK tax system since the introduction of Pay-as-you-Earn in 1944.

The changes will require all businesses to review their accounting systems to ensure that they are able to produce quarterly information in sufficient detail to accurately prepare a quarterly tax return instead of their usual annual tax return.

Lamont Pridmore has been at the forefront of representations to HMRC on Making Tax Digital in an attempt to reduce the impact of these proposals on business. The firm has also advised the Institute of Chartered Accountants and the CBI on their own similar submissions to HMRC, therefore we are ideally placed to help. These submissions to HMRC from a wide range of organisations have been successful in delaying implementation of these changes for the smallest businesses to 2019. HMRC however were adamant that these changes were to be brought in from 2018 for those businesses with turnover above the VAT threshold of £85,000 per annum.

We are currently working with all the main software providers to ensure that after their beta trials in April 2017 there will be an IT solution to enable your quarterly tax return to be submitted to HMRC in a cost effective way well before the start of the scheme in April 2018.

Under the new Making Tax Digital proposals you can voluntarily pay your tax on a quarterly basis, but many experts are concerned that at some time in the future this may become mandatory.

**We have developed Making Tax Digital implementation plans for all sizes and types of businesses and we will be contacting you over the next few weeks to explain how these changes will affect you, the date upon which you will have to start preparing quarterly tax returns and how we can help and support you through this process.**

