

Frequently asked questions

1. I am keen to start recording my business records in a digital format as soon as possible – can I start now?

Yes you can. Larking Gowen works with many software providers who already offer digital record keeping and we are happy to talk this through with you.

2. I maintain all of my business records on Excel (or similar spreadsheet based software). Making tax digital will not affect me will it?

Yes it will. Your records will need to be kept in a format that can be digitally submitted to HMRC and this will require use of a bespoke app or software that can link up to your digital tax account. It may be that you continue to use Excel to calculate your income and expenses in conjunction with software that makes the submissions to HMRC.

3. Can Larking Gowen look after my digital tax account for me?

Yes of course. At this time agents cannot access the digital tax accounts set up for individuals in April 2016 but we will be given access via our own software in late 2016. In the meantime we are still able to interact with HMRC in the exact same way as we have before. Once agent access is granted we will be able to make all submissions for you, just in a slightly different way.

4. I usually bring all my invoices and business records to you in a plastic bag once every year – can I still do that?

Yes you can, although the records will need to be given to us at least once every three months (instead of once a year). Larking Gowen will maintain your records in a digital format for you, making the quarterly submissions to HMRC on your behalf.

5. Does this mean I now have to file four tax returns every year?

No it does not. The quarterly submissions to HMRC are a snapshot of the business income and expenses over a three month period. They will not take into account many factors such as tax reliefs, allowances, and other key accounting principles.

At this stage HMRC have only proposed what they wish to see once every quarter, which will be followed by an end of year declaration.

6. What if I do not want to use digital/online tools?

HMRC are keen to bring as many taxpayers into this regime as possible but are consulting on who should be digitally excluded.

If you are adverse to this technology then Larking Gowen will be very happy to manage it for you.

7. Once I am required to file quarterly reports with HMRC, will I have to pay my tax more regularly?

It will become possible to pay your tax more frequently than you do now (for example, by making a quarterly payment). HMRC are holding a separate consultation on whether or not to make it mandatory for individuals and businesses to pay tax in smaller, more regular amounts.

8. HMRC will automatically upload all of my income into my digital account – will I still need to file a tax return?

From 2016 up until 2020 HMRC will be uploading more and more sources of income automatically into your digital tax account. Once your account contains all of your income sources then it will no longer be necessary to file a self-assessment tax return. It will still be necessary to check your digital account at least once a year to ensure HMRC have uploaded the correct information.

9. What did the Autumn Statement say about MTD?

Whilst we were expecting further developments to be announced in the Autumn Statement, the only announcement made was that HMRC would not release the results of the consultations until January 2017. This means that any changes in legislation will not take place until March 2017. However, it does not mean that major changes to the timescales for implementation are expected at this stage.