

# MTD FOR VAT: READINESS ASSESSMENT

1

## Do you know your commencement date for complying with MTD for VAT?

For most companies with a taxable turnover above £85,000, the commencement date is from the 1 April 2019. However the HMRC have announced a deferral for 6 months from 1 April to 1 October for businesses that fall into the following categories: VAT groups, traders based overseas, 'not for profit' organisations that are not set up as a company, local authorities, public sector entities required to provide additional information on their VAT return (such as Government departments, NHS Trusts), public corporations, VAT divisions, trusts, those who make payments on account, and those who use the annual accounting scheme. You should have received confirmation from HMRC of whether deferral applies.

2

## Have you contacted your software provider/s to confirm whether the system/s are compliant with HMRC?

HMRC has a list of approved accounting software providers which communicate with their tax systems. If your accounting software features [on this list](#) then we would recommend you speak to your software provider to ensure you are set up correctly and ready to go. If your software is not compatible, you can use 'bridging software'.

3

## If your software is not compatible, have you purchased 'bridging software' which allows the VAT information required to be reported digitally to HMRC?

If your software is not compliant, you will need to have an Application Programming Interface (API) to connect with HMRC's digital system. Many businesses use spreadsheets to record the information used to prepare VAT returns. Provided your spreadsheets incorporate the relevant API, they should be MTD-compliant. It can be a complex process to use bridging software so we would be happy to talk to you further to make sure you are correctly set up and assist you with this process.

4

## If you have more than one accounting system or a complex VAT reporting structure, have you put 'digital links' in place between your software systems so that there is no manual transfer of data?

A 'digital link' is one where a transfer or exchange of data is made, or can be made, electronically between software programs, products or applications. That is without the involvement or need for manual intervention such as the copying over of information by hand or the manual transfer of data between two or more pieces of software.

5

## Have you reviewed your software's functionality to ensure it is fit for your business's needs, and also fit for the future?

Changing accounting systems can bring many benefits to your business, this is a great opportunity to review any gaps in your current systems and controls and to consider any areas for improvement or growth.

6

## Have you signed up to Making Tax Digital on the HMRC page, which you can do so from the 1 April 2019?

You can sign up for MTD for VAT on the [HMRC website](#). To sign up, you will need your Government Gateway user ID and password, as well as the VAT number of the business that's signing up.

## YOUR ACCOUNTING SOFTWARE IS READY FOR A DIGITAL FUTURE

MTD for VAT goes beyond just being compliant for the new requirements – it's an opportunity for you to ensure you're future-proofing your business and reviewing your business needs as a whole.

If you have any questions on what your business needs to do to be ready for the future, please get in touch.



**Nick McChesney**

Partner - VAT

T: +44 (0)20 7516 2262

E: nmcchesney@pkf-littlejohn.com



**Keith Steele**

Partner - Outsourcing

T: +44 (0)20 7516 2368

E: ksteele@pkf-littlejohn.com

[www.pkf-littlejohn.com/mtd](http://www.pkf-littlejohn.com/mtd)