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ALLENSACCOUNTS

MAKING TAX DIGITAL CHANGES FROM APRIL 2022

Making Tax Digital (MTD) for VAT currently requires all VAT-registered businesses with taxable turnover above the VAT registration threshold (currently £85,000) to keep digital records and submit their VAT Returns using MTD compatible software.

The rules are being extended soon and **MTD for VAT will become mandatory from 1 April 2022 for all remaining VAT registered businesses**, even if voluntarily registered and turnover below the VAT threshold.

In short, if your business is VAT registered it will need to maintain digital records and file VAT returns directly from MTD compatible software.

MTD for VAT becomes mandatory for all VAT registered businesses for the **first VAT return period starting on or after 1 April 2022**. As a result the first affected returns will be for those businesses with a VAT return quarter ended 30 June 2022 – this will fall due on 7 August 2022.

If Allens already file your VAT returns you need do nothing as we already file all returns using MTD compatible software.

As a result the changes will only affect VAT registered clients who:

- file their own returns i.e. don't use us to file on their behalf; and
- have turnover below the £85k threshold (so have not until now needed to

- use MTD compatible software); and
- don't already use software such as Xero or Sage i.e. those who currently maintain manual records or use excel, and simply complete the boxes on the current HMRC portal – this will close.

There are some extremely limited exemptions for the 'digitally exempt', including people with religious beliefs that are not compatible with the requirements, and people whose age, disability or remoteness means it is not reasonably practical for them to use digital tools.

How Allens can help

We are offering a range of support to affected clients including:

1. Advising on and implementing cloud accounting packages (Xero, Sage etc) where considered appropriate
2. Submitting VAT returns through our own MTD compatible software on behalf of clients who have previously filed their own – please note that this will take around 2-3 weeks to setup so please give yourselves ample time if you would like us to takeover the filing of your returns
3. Reviewing VAT returns prepared by clients prior to their submission.

If you are affected by the changes and would like you speak to someone please get in touch with your usual contact or call Matthew Furness on 0161 477 2636 or e-mail matthew.furness@allensaccountants.com



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