

What you need to know about Making Tax Digital



Making Tax Digital (MTD) is a key part of the government's plans to make it easier for individuals and businesses to get their tax right and keep on top of their affairs - meaning the end of the annual tax return for millions.

Every individual and business now has access to their own personalised digital tax account and these are being regularly expanded and improved. HMRC's ambition is to become one of the most digitally advanced tax administrations in the world, modernising the tax system to make it more effective, more efficient and easier for customers to comply.

Four foundations of Making Tax Digital:

1. Better use of information

Making Tax Digital presents significant benefits for businesses. It will mean that they will not have to give HMRC information that it already has, or that it is able to get from elsewhere - for instance from banks, building societies and other government departments.

Digital tax accounts for all will mean that customers can see the information that HMRC holds and be able to check at any time that their details are complete and correct. HMRC will use this information to tailor the service it provides, according to each of their customers' individual circumstances.

The benefits

- ✓ **De-stressing tax** - submit tax data more frequently, therefore no rushing at year end
- ✓ **Far less paperwork** - computer software will make an automatic record of money in and out
- ✓ **Fewer surprises** - quarterly submissions meaning there's far less bill build up
- ✓ **More chances of lowering your bill through tax planning** - ability to make strategic decisions to lower tax bills and reinvest elsewhere
- ✓ **Stay informed** - find out your tax liability every few months so nothing gets out of hand

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2. Tax in real time

HMRC's customers should not have to wait until the end of the year or longer to know how much tax they should pay. HMRC will collect and process information affecting tax as close real time as possible, to help prevent errors and stop tax due or repayments owed building up.

3. A single financial account

At the moment most taxpayers cannot see a single picture of their liabilities and entitlements in one place - the HMRC are changing that. By 2020, customers will be able to see a comprehensive financial picture in their digital account, just like they can with online banking.

4. Interacting digitally with customers

HMRC customers (and their agents) will be able to interact with the HMRC digitally and at a time to suit them. They already have access to a digital account which will present them with an increasingly personalised picture of their tax affairs, along with prompts, advice and support through web chat and secure messaging.

Making Tax Digital for business

HMRC's ambition is to become one of the most digitally advanced tax administrations in the world, modernising the tax system to make it more effective, more efficient and easier for customers to comply.

A modern tax system, based on digital technology will make it easier for businesses to get their tax right. Reducing the amount of avoidable errors will also reduce the cost, uncertainty and worry that businesses face when HMRC is forced to intervene to put things right.

The logic of digitalising the tax system is widely recognised and millions of businesses are already banking, paying bills, and interacting online. Digitising routine business tasks such as record keeping is the next step and is one many businesses have already taken.

Next steps

Businesses shouldn't think of Making Tax Digital as just another obligation. This is the opportunity to regularly check income, expenses and profit - which will help businesses make better decisions.

1. When should businesses start to Make Tax Digital?

You can make your tax digital right now, if you like, and there's no reason to wait until the last possible moment to do it. But you need to know when it will become compulsory for your business. For more information on this visit www.gov.uk

2. Simplify your complex online accounting software

You don't have to use online accounting software to comply with Making Tax Digital, but it might make things easier and it will give you access to other powerful tools.

Nolan Business Solutions are part of the HMRC Developer Hub, and we will be closely monitoring the development of Making Tax Digital to assist with enabling solutions for businesses.

The negatives

✓ **Compulsory use of technology** - MTD for business requires tax returns to be submitted online, through an HMRC app or online accounting software

✓ **More reporting deadlines** - filing for income tax and corporation tax will be required every quarter, instead of a single annual submission

✓ **Loss of privacy** - businesses may not be comfortable with their electronic transactions being visible to HMRC

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3. Making Tax Digital could be really good for your business

Change can often seem daunting, especially if it requires you to adopt new technology. However, quarterly tax filing could actually lessen your workload. And by updating your accounts more often, you'll be able to react faster to opportunities and threats in the business.

Nolan Business Solutions are specialists at implementing Customer Relationship Management (CRM) and Enterprise Resource Planning (ERP) solutions to help businesses gain greater control over financials, inventory and operations. We also have vast experience with consulting and training businesses to improve system adoption.

For information or guidance on any of the above, get in contact with one of the team at Nolan Business Solutions who will be able to help you and your business Make Tax Digital.

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About us

Founded in 1988, Nolan Business Solutions is an international solutions provider which delivers software solutions to mid-market businesses. Focussed on industry leading CRM and ERP solutions, Nolan Business Solutions supports its customer's growth with flexible, scalable and intelligent solutions implemented and supported by experienced consultants.

With an expert development team, Nolan Business Solutions also create innovative and popular SuiteApps and customised development services to those with more complex needs.

Nolan Business Solutions have delivered real benefits to over 2,500 customers worldwide through software, professional implementation and outstanding customer support.



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