



Indie Dev' Guide Digital Tax Accounts and software

Introduction

The government has announced that as part of its vision to modernise the tax system, tax returns will be replaced by digital tax accounts for individuals and businesses.

The digital accounts aim to bring together each taxpayer's details in one place, just like an online bank account, so they can register for new services, update their information, and understand quickly and easily what they need to pay — without ever having to complete a tax return again.

The government believe it will be a help for small businesses, as they will be able to link their accounting software to their personalised tax account and have the option to pay as they go. This will give them more certainty about what they need to pay and when, so they can manage their cash flow better.

It is understood that all businesses will need to keep their bookkeeping and accounting records digitally, as paper will no longer be deemed sufficient. It is also expected that businesses will be required to submit their accounting records to HMRC quarterly under this regime.

Proposed timeline

April 2019: All businesses who have turnover above the VAT threshold start updating HMRC quarterly for VAT obligations through MTD compatible software. In March 2019 the government announced they will not be mandating MTD for any other taxes or businesses in 2020.

Bookkeeping software

HMRC will not be offering free to use software to enable businesses to report their results quarterly.

Many businesses have already or will soon be considering switching to currently available digital software, partly in preparation for the changes, but partly due to the benefits of using modern bookkeeping software to manage their business.

Disclaimer: This leaflet is intended for guidance purposes only and we recommend that you take specific advice before taking any action or relying on these notes. Plus Accounting is a trading name of Feist Hedgethorne Limited. Registered to carry out Audit work in the UK and regulated for a range of investment business activities by the Institute of Chartered Accountants in England & Wales.