

VAT changes from the end of March 2022

Register for Making Tax Digital for VAT – This is **mandatory** for all VAT registered businesses from 1 April 2022

From 1 April 2022, all VAT registered businesses will need to be equipped to prepare and file VAT returns using HMRC's Making Tax Digital (MTD) processes.

Traders with turnover above £85,000 have been required to use this process for some time, but from 1 April 2022, VAT registered businesses with turnover below £85,000 will be drawn into the MTD for VAT filing net.

What does MTD for VAT involve?

From 1 April 2022, returns filed will need to be prepared in an electronic format that links to HMRC's servers. This means that manual records can no longer be used, and spreadsheets will need to be created in a format that links with HMRC.

Cloud accounting solutions

Many if not most of the major bookkeeping software producers have adapted their software to enable MTD for VAT filing protocols. As a practice we have adopted Iris Kashflow at the bookkeeping option that we offer to clients because of the seamless links to our compliance software but we are supporting other packages as well.

Registering for MTD for VAT

You can register for the new MTD for VAT system online or we can do this for you.

Planning note

Businesses are required to sign up to MTD for VAT for their first VAT return period starting on or after 1 April 2022. This may mean that they may not file their first return until summer 2022.

HMRC have advised that businesses must sign up for MTD for VAT at least 5 days after filing their last return under the old system, and no less than 7 days before their first MTD for VAT deadline date or risk paying any VAT due twice.

We can help

If you are not using software that complies, please get in touch as soon as possible so we can help you transfer to our recommended software and complete your registered with HMRC. Our experience is that clients who have switched with us to software have a time saving of between 40%-60%. This frees the client to concentrate on the things that they do best.

Please contact Donald Brown FCA on donald@higginsonandco.com for further guidance and assistance.

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