

# VAT – Making Tax Digital update

## Filing and paying VAT returns from March 2021

**From March 2021, HMRC have transferred all their remaining VAT registered businesses to their Making Tax Digital (MTD) platform. This has a number of consequences that are summarized below.**

### **VAT registered traders with turnover above £85,000:**

We have assisted most of our VAT registered clients with turnover above £85,000 to make the MTD transition, in which case, no further action needs to be taken unless you pay your VAT by direct debit in which case, please note the “Direct debits payments” paragraph set out below.

Now that HMRC have taken this step, it makes sense to transfer to the MTD process sooner rather than later, and so, if you file your own returns and need help to make this change please call to discuss our preferred solution.

### **VAT registered traders with turnover below £85,000:**

MTD for VAT filing will apply to this group from **1 April 2022**. Affected clients may like to transfer to the MTD process now rather than leave matters until the last minute. We can do this for you.

### **Direct debit payments:**

If you pay your VAT return by direct debit, once you have transferred to the MTD process, HMRC will need an email address to notify you of the date and amount to be taken from your account. This is required by the UK banking regulations.

### **Without an email address, HMRC may be unable to collect VAT payments.**

This is an unusual step for HMRC to take as they normally avoid contacting you by email. This avoids confusion with the multitude of spam activity that is presently delivered by email as if from HMRC.

However, failing to notice that HMRC have not taken payment by direct debit may result in you being faced with late payment penalties. ***So please check your account.***

### **Still submit your own VAT returns?**

If you still submit your own VAT returns and are unsure how to act on any of the matters raised in this alert, please give us a call.

Please take a look on our website [www.higginsonandco.com/helpful-guides](http://www.higginsonandco.com/helpful-guides) to take a look at a Powerpoint presentation all about HM Revenue & Customs plans for VAT migration.

Higginson & Co (UK) Limited