

Making Tax Digital VAT



McPARLAND WILLIAMS
ACCOUNTANTS



As you may already be aware, HMRC are implementing one of the biggest changes in UK VAT legislation in recent history with the introduction of Making Tax Digital (MTD) for VAT. From April 2019, all VAT registered businesses with a turnover of over £85000 per annum, will be required to submit their VAT returns through compatible software and keep digital records of your accounting records.

From April 2019, it is very likely you will be unable to submit your VAT returns via your current method without either upgrading your existing software or implementing a new system.

How does this impact me and my business?

From April 2019 you must implement an acceptable form of 'electronic bookkeeping'.

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You must implement an electronic form of bookkeeping and we are recommending to our clients that they use one of the Sage Business Cloud options as they have provided us with the most cost effective solutions to date ([see Sage Comparison Chart by clicking here](#))

I currently use spreadsheets for my bookkeeping, can I continue with these?

You can but you will have to download a third party piece of software that will enable you to file your VAT returns. Unfortunately, due to the variety of different ways clients setup their spreadsheets, whilst we will still be able to review your VAT returns you will be responsible for submitting the information to HMRC. We will also be unable to offer any support where you encounter any issues with submitting information to HMRC and you would have to rely on the support of HMRC which we feel will be 'limited' at best.

Therefore, we are advising all clients that they should implement an independent piece of bookkeeping software and, our own specific recommendation would be one of the Sage Business Cloud options.

How much will the new Bookkeeping software cost me?

Sage Business Cloud subscriptions start at £5+VAT per month.

However, we recommend that any clients who issue more than 10 Sales invoices per month and/or receive more than 10 purchase/expenses invoices per month choose the version with more functionality at a cost of £10+VAT per month. This option is recommended but is not essential.

You can see a list of the differences in functionality of the different versions of the software [by clicking here](#).

Please note that the above costs are ONLY available if you order the software directly from us. We are not able to offer any discounts if you order directly from Sage.

What if I don't want to use a 'cloud based' bookkeeping system and I would prefer to use a traditional 'desktop' bookkeeping system?

If you would prefer to use one of the 'desktop' versions of Sage then this is still an option although it is more expensive (see 'Sage Comparison Chart' [by clicking here](#)). If you would like more information relating to the desktop version of Sage then we can arrange for them to contact you to discuss your requirements or, alternatively, you can contact Sage directly on 0191 294 3000 or by visiting www.sage.com.

Unfortunately, we are not able to offer any of the desktop versions of Sage at a discounted rate.

I already use Sage software. Am I ok to continue with my current software?

- If you currently use the 'Sage Business Cloud' (formally called Sage One) then you can continue to use your software as it will be updated over the following months in order to be MTD compliant.
- If you use one of the current desktop versions of Sage, ie Sage 50 Accounts, then you will very likely need to upgrade your current software to the latest version called Sage 50cloud Accounts** (please note that all Sage products are now charged on a monthly subscription basis). If you would like us to contact Sage and ask them to contact you to discuss your requirements then please contact us.

*** If you already use Sage 50 Accounts then Sage 50cloud Accounts is basically the same desktop-based product that you already use but is cloud-connected and is compliant with Making Tax Digital for VAT. It's a simple upgrade from Sage 50 with the same look and feel to help you carry on working the way you are, with all the latest features and improvements, plus Microsoft Office 365 connectivity.*

Can I move from a desktop version of Sage to one of the cloud based software options?

If you use a current desktop version of Sage and you wish to move to Sage Business Cloud then you may be able to transfer your data using the Data Migration Tool. If you wish for us to carry out this transfer on your behalf then we can do this for you at a one-off cost of £250+VAT. We would point out that not all data can be moved across using the Data Migration Tool and you may need to re-input certain information such as stock lists etc. We will try to advise you before we migrate any data of any data that you may need to re-input.

I already use a 'Non Sage' bookkeeping system, can I continue using the software?

If you already use Xero or Quickbooks bookkeeping systems then it is almost certain that you will be able to continue with that system although you may need to upgrade the version that you are currently using. If you use any other providers then you will need to contact your software supplier and find out whether their software will be MTD compliant by April 2019. If not, then you need to find an alternative software provider before this date.

Can I continue to use McParland Williams to complete my VAT returns on behalf of my business?

Yes, but we will only be able to submit your VAT returns on your behalf if you use Sage, Xero or Quickbooks.

Do I need to input all of my business transactions into my new bookkeeping software?

Not necessarily but any bookkeeping work that you complete will help in keeping your accountancy fees as low as possible.

Will 'MTD' increase my accountancy costs? If so, how can I keep any price increases to a minimum?

Unfortunately, yes it is likely that our costs will increase. We are, however, implementing and offering clients access to additional systems such as 'Receipt Bank' ([click here for more information](#)) that will streamline our processes and minimise any increases. We will review our charges, and any necessary increases, once the new 'MTD' systems have been implemented and we know can see how much additional work is required.

At a minimum, we strongly suggest that all clients link their business bank account into their bookkeeping software so that all of the bank transactions can be automatically uploaded to your software. This process is called 'Bank Feeds' and will require you to login to the software and complete the simple process to link your bank account (Please note that if you change your online banking details or change banks then you will need to re-connect the software to your bank account.)