Making Tax Digital FAQ for Exchequer Customers

What is Making Tax Digital?

Making Tax Digital (MTD) is a key part of the government's plans to make it easier and more efficient for individuals and businesses to get their tax right.

From 1 April 2019, VAT-registered businesses above the threshold of £85,000 will have to keep digital records and submit VAT returns using compatible software.

The government has given assurances that it will only widen the scope of Making Tax Digital beyond VAT, to include such things as income tax and corporation tax, once the initiative has been proven to work well - but this won't be before April 2020.

It is estimated that each year the government loses out on £9bn in unpaid taxes due to errors, while the overall tax gap is a staggering £34bn, which explains why it's keen to introduce a new system that will make this a thing of the past.

Who will be affected by Making Tax Digital?

At the moment, the focus is on VAT-registered businesses with a taxable turnover exceeding £85,000, and their accountants.

Many businesses aren't aware that it affects them, so they haven't prepared for managing their finances online or submitting returns to HMRC every quarter. Put simply, if you are over the £85,000 threshold and use spreadsheets to manage your accounts – or hand over paper records to your accountant every year - you will need to adopt a new, MTD-compliant method. Even large finance teams, who have a robust finance solution already in place, will need to think about how they submit VAT and how this process needs to change.

How can Advanced help me get ready?

At Advanced, we have thousands of finance customers using our solutions every day. Because of this, we have identified Making Tax Digital as a priority for our product teams.

We've worked alongside HMRC to create our Business Tax Portal which enables finance professionals to submit tax returns directly to HMRC using our approved Application Programming Interface (API).

Business Tax Portal comes in two variants, Base and Full, to suit finance teams of all sizes, and can be used by any finance department - regardless of what financial management solution they use.

What does this mean for Exchequer customers?

Exchequer customers have various options for how they wish to implement Business Tax Portal, depending on your organisations individual requirements.

Integrations will be available from Exchequer into Business Tax Portal, the level of integration will depend on what version of Exchequer you have installed. The next release (due Feb) will include improvements to enhance the integration with BTP, however, If you are using an older version of Exchequer you can still use Business Tax Portal and use the existing reporting functionality in Exchequer to populate the Business Tax Portal.

For a specific discussion around this we recommend you contact your account manager so you can work through these options and decide what the right path is for your business.