MAKING TAX DIGITAL
SIGN-UP GUIDE

Please find enclosed instructions and guidance which we have compiled in order to assist you with becoming MTD compliant.

Prior to initiating the sign-up process, it is vitally important that you review the timetable listed below in order to ensure you sign-up at the correct time and avoid potential delays with the submission of your first MTD compliant VAT return.

This pack includes guidance on how to sign up using your Government Gateway account and how to authorise your software in order to become MTD compliant.

For solutions which are not listed above, please contact your software provider.

MTD Sign-up Timing

It is important to note that businesses which currently pay VAT by Direct Debit cannot sign up for MTD the 7 working days leading up to, or the 5 working days after their 'old style' VAT Return is due.

Monthly VAT returns paid by direct debit:

FIRST MTD FOR VAT RETURN	SIGN UP PERIOD STARTS	SIGN UP PERIOD ENDS
April 2019	15 May 2019	31 May 2019

Quarterly VAT returns paid direct debit:

FIRST MTD FOR VAT RETURN	SIGN UP PERIOD STARTS	SIGN UP PERIOD END
Apr/May/Jun 2019	15 May 2019	31 July 2019
May/Jun/Jul 2019	15 June 2019	30 August 2019
Jun/Jul/Aug 2019	13 July 2019	27 September 2019
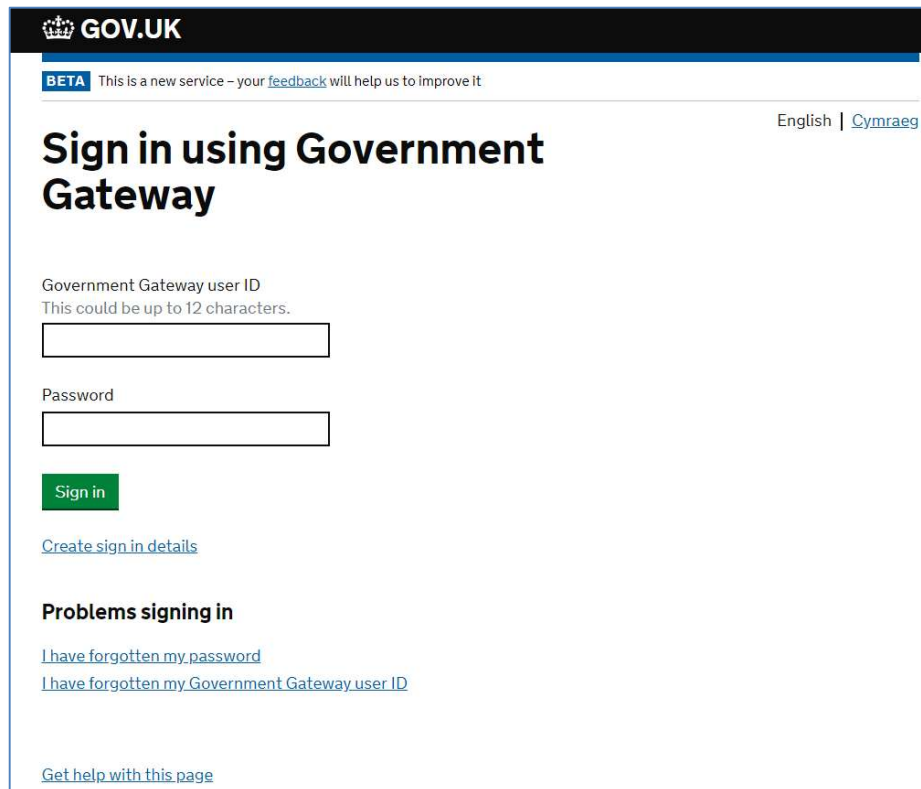
Please note that the above timetable only relates to those clients who pay their VAT liability by Direct Debit. If you make a manual online payment prior to the statutory due date or you are in a repayment situation, then you will be able to sign up 5 working days after the payment has cleared or has been received. However, you will not be able to sign up if you submit your VAT return and make your payment within 7 working days leading up to the statutory deadline of your VAT return being due.

e.g. Month ended 31 March 2019, return completed and submitted 1 May 2019 with payment made same day.

Under this scenario, this return would be submitted via the Government Gateway on the non-MTD basis and you would not be able to sign-up to MTD as you would be within 7 working days of the statutory deadline. The earliest you could sign-up to MTD would be 9 May (i.e. 5 working days after payment made allowing for a bank holiday).

Sign-up with HMRC for 'Making Tax Digital for VAT'

    a) Sign in to your Government Gateway account

When you log in, it is important that you check the email address is correct.

You will need to verify this email address later in the sign-up process.

b) Once logged in to your 'Business Tax Account', in the "Sign up to Making Tax Digital for VAT" section, scroll down and click on "**Find out more about Making Tax Digital for VAT (opens in a new tab)**" link

NB – doesn't open in new tab!

Scroll down…

c) You will then be redirected to the 'Making Tax Digital for VAT as a business: step by step' page

d) Scroll down and select '**<u>Sign up for Making Tax Digital for VAT</u>**'

e) You will then be taken to 'Sign up your business for Making Tax Digital for VAT' page

f) Scroll down the page and select '**Sign up your business for Making Tax Digital for VAT**'
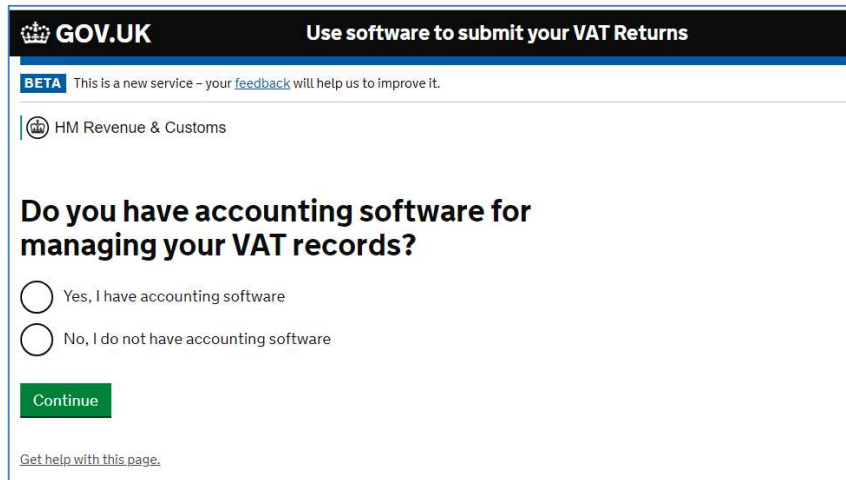
You will now be asked a series of questions. These will vary depending on whether you are a sole trader, a partnership (including LLP) or a Limited Company.

g) "Do you have accounting software for managing your VAT records?" respond 'Yes, I have accounting software' & click continue
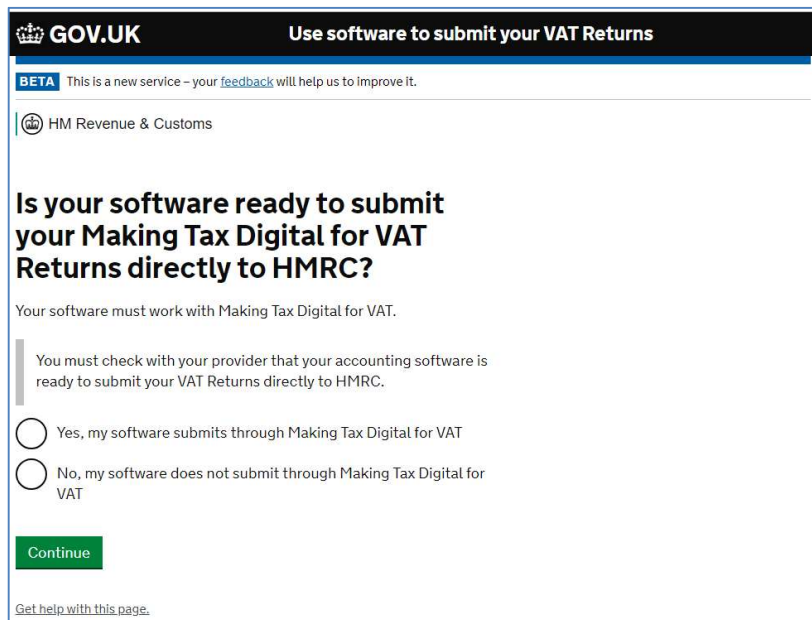
h) "Is your software ready to submit your Making Tax Digital for VAT Returns directly to HMRC?"

On the basis you have already installed MTD compliant software, respond 'Yes, my software submits through Making Tax Digital for VAT' & click continue

i) "Do you have more than one VAT registered business?" – Respond as appropriate and click continue

j) "What type of business are you registered as?" – Respond as appropriate and click continue

k) Enter National Insurance number / date of birth / partnership UTR / company number as requested and click continue

l) If requested, enter postcode and click continue
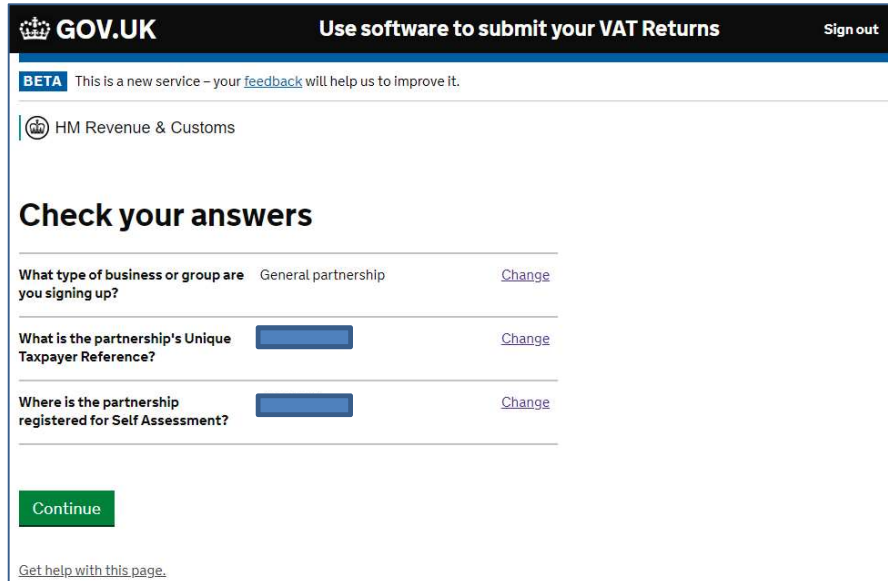
m) Check your answers / business name etc. and click continue assuming correct
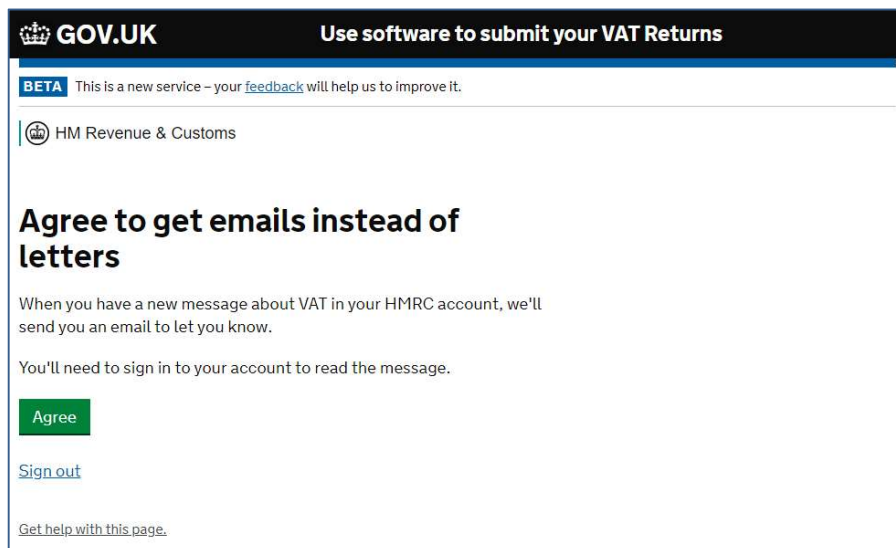
Due to the variety of business types it is not possible to list all permutations of questions which may be asked.

n) 'Agree to get emails instead of letters' – click 'Agree'

o) Enter email address used for Government Gateway account and click continue

p) "Check your email address" and click continue

q) Within 72 hours, a verification email will be sent to the email address entered. When you have received the email, click on the link to verify the email address
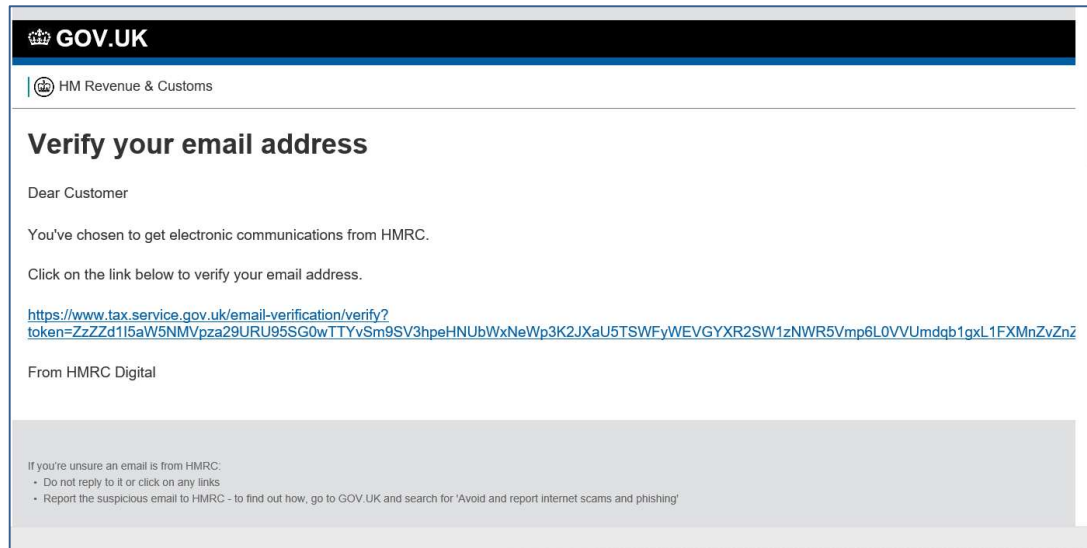
r) You may need to sign back in to receive the below message. Click continue to sign up
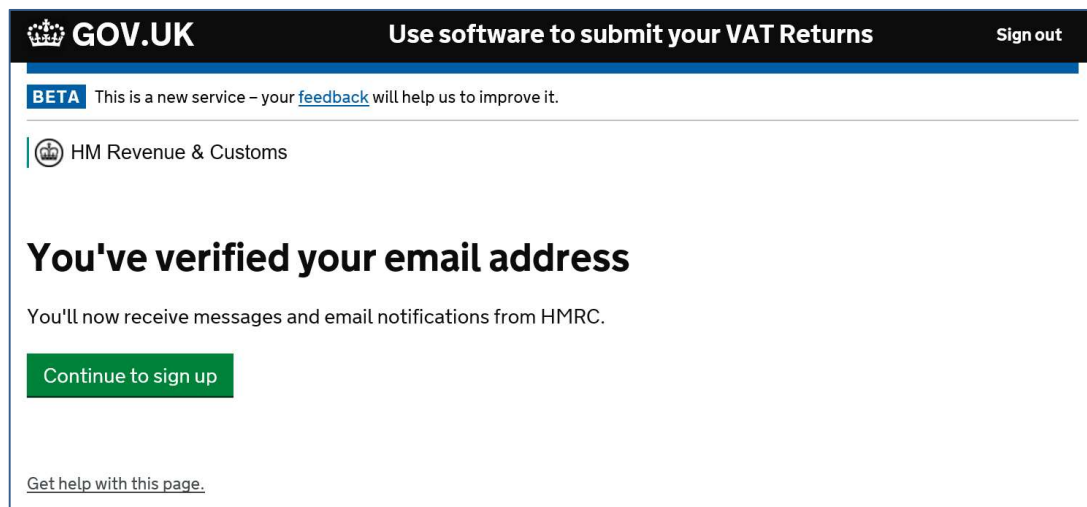
s) Click accept and continue to complete sign up

The above screen shot refers to taking part in a trial. The exact wording when you sign up may differ slightly.

Authenticate your MTD compliant software with HMRC

Once you have signed up to MTD with HMRC, prior to (or in some cases whilst) submitting your first MTD VAT return, you will need to 'authenticate' your compliant software, i.e. link your software to HMRC.

This process will be initiated from the software and will be processed differently depending on which piece of software you use.

For example, it maybe that you can authenticate your cloud software as soon as you have signed up to MTD. Whereas you may only be able to authenticate your desktop software when submitting your first MTD VAT return.

The process involves:

- Checking that you are using the MTD compatible version of your software

  If you are using cloud software, this will have been automatically updated by your software provider.

  If you are using desktop software then you will need to confirm you are on the correct version.

- Ensure you have entered your HMRC online filing credentials into your software. For some pieces of software, this information is manually typed in at the point a VAT return is filed rather than being stored within the software.

To help you get a better of understanding of what you will have to do, we have put together some screen shots and notes for the more common software solutions.

XERO USERS

Xero

- Accounting (Drop down menu)

- VAT Return

- Click on 'Connect to HMRC'
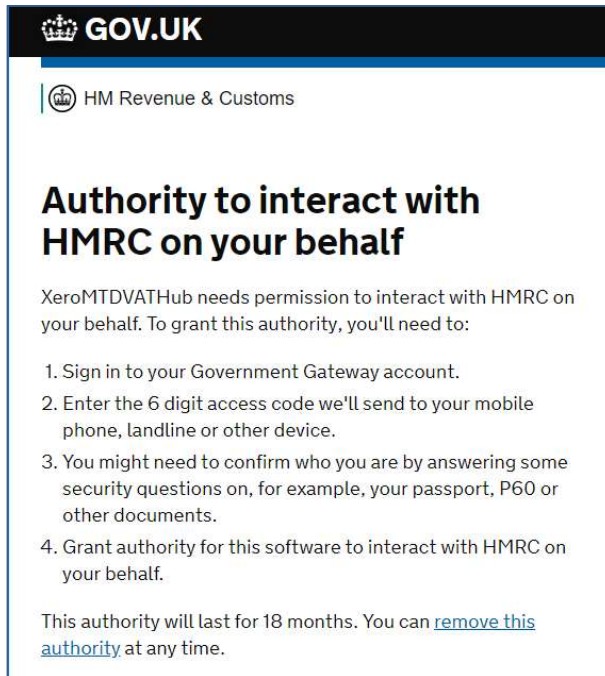
   NB – As per the sign-up timetable on page 3, do not click on 'Connect to HMRC' until you are ready to do so. Use the 'Open non-MTD VAT returns' link to complete and submit your VAT return on the non-MTD basis.

- You will then be taken to the following page

- Sign in to your Government Gateway account

- Check your Government Gateway details and respond accordingly

- 'Set up recovery for your sign in details' – respond as necessary. Choose 'Set this up another time' if you don't want to do now

- Enter access code (as sent to your mobile device or APP)

- 'Set security backup' – respond as necessary or click 'I can't do this right now'

- 'Authority to interact with HMRC on your behalf' – click 'Grant Authority'

- Once authority has been granted, HMRC can now connect to your Xero software to indicate which VAT returns are due:

- To submit a Xero VAT return under MTD, click on the 'Review' button

- For those who are familiar with Xero, they will notice the next screen is different to what they are familiar with.

  The summary 'VAT Return' still lists boxes 1 to 9, however, it is now possible to 'Adjust' each box (Please note we do not recommend using the 'Adjust' functionality).

  There are now two options for the 'VAT Audit Report'. Essentially the detailed VAT breakdown can be reviewed in two ways:

  1) Based on boxes 1 to 9
     or
  2) Based on tax rate (which is how the old audit report was presented)

SAGE 50CLOUD (DESKTOP) USERS
(See page 28 for Sage Business Cloud guidance)

Sage 50Cloud (Desktop)

- Settings
- Company Preferences
- VAT tab - tick the box 'Enable Making Tax Digital for VAT submissions'

- Generate & complete VAT as you would normally
- In the 'Submit to HMRC' section, select 'Submit online'

- At this stage you are redirected back to the 'Company Preferences' section

  Complete the 'eSubmission Credentials' and 'eSubmission Contact Details' then press OK

- You will now be redirected to the following screen, press Next

- You will then see the following screen. Review and press Next

- It is at this stage 'Sage 50Cloud' will ask you to authenticate the software with HMRC

- Sign in with your Government Gateway account to grant authority

- You will now be taken to the following screen

  It is important that you choose the correct VAT period

  Whilst testing, we found that a later VAT period was selected by default

  Tick the 'I agree to the following HMRC declaration' and click 'Submit to HMRC'

- Assuming the submission is successful, you will then see the following screen

- You will then be taken back to the main VAT return screen where the 'Submit to HMRC' has been up dated

- If you now click on the 'Submission Confirmation' button you can access a submission receipt

SAGE BUSINESS CLOUD USERS

(See page 23 for Sage 50 Desktop guidance)

Sage Business Cloud

- Sign into Sage Business Cloud
- Settings
- 'Accounting Dates & VAT' (In 'Financial Settings' section), scroll down
- Select 'Authenticate'

- You will then have to log back into your Government Gateway account to complete the authentication

QUICKBOOKS ONLINE USERS

(See page 31 for Desktop guidance)

QuickBooks Online

- Sign into QuickBooks Online
- 'Taxes' (down the left hand side)
- 'Edit HMRC VAT' (Top right hand corner)
- 'Edit Settings'
- Toggle the switch to turn on MTD then press 'Save'

- You will then need to confirm that you have already signed up for MTD with HMRC
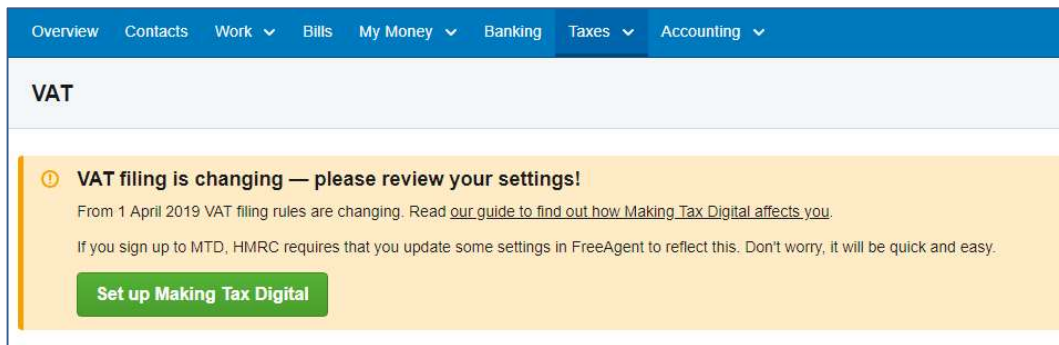

- You will then have to log back into your Government Gateway account to complete the authentication
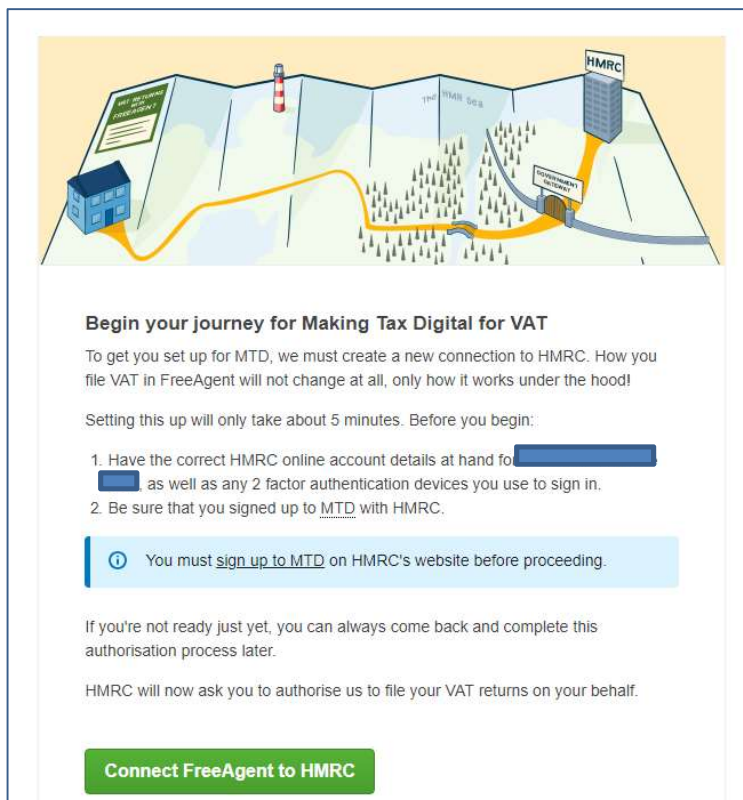
FREEAGENT USERS

FreeAgent

- Sign into FreeAgent
- Taxes (Drop down menu)
- VAT
- Select 'Set up Making Tax Digital'

- You will then be redirected to the following screen

- Select 'Connect FreeAgent to HMRC' and follow the onscreen instructions.

QUICKBOOKS (DESKTOP) USERS
(See page 29 for Online guidance)

QuickBooks (Desktop)

It is necessary to ensure you upgrade to 'QuickBooks Desktop 2019 Release R6P'.

To configure your QuickBooks desktop software:

    a) VAT Drop down menu

    b) File VAT

        You will then be presented with the following screen:

    c) The 'Sign Up' link will take you to HMRC's 'Making Tax Digital for VAT as a business: step by step' screen

    d) The 'Connect to HMRC' will authenticate the QuickBooks software with HMRC

    e) 'File VAT MTD' will then allow you to submit your MTD compliant VAT return.

Please see following link for detailed guidance:

https://quickbooks.intuit.com/community/Making-Tax-Digital/How-to-submit-a-VAT-return-to-HMRC-MTD-for-QuickBooks-Desktop/m-p/260215

NB – As at 1 April 2019, this guidance was dated 11 March 2019. QuickBooks 2019 R6 was released 28 March 2019 so the above guidance should be updated in the near future.

FARMPLAN / PROMAR USERS

Farmplan / Promar

It is necessary to ensure you upgrade to Version 3.39 of the Farmplan Business Manager software.

When you first access your upgraded software, you will be prompted to enter some additional business information that will be required for Making Tax Digital.

For full details of how to sign-up to MTD and how to configure your Farmplan software, please view the following link:

https://s3-eu-west-1.amazonaws.com/farmplan-assets-live/sites/1/2019/02/A4enhancementsBusinessManager3.39-sa.pdf