

**Making Tax Digital (MTD) – Individuals**

**Coming Soon – April 2018**



**RZ Associates**  
*incorporating Quick Tax*  
Chartered Accountants  
Chartered Tax Advisors

## **Making Tax Digital ('MTD')**

MTD is a significant change in the way we all report to HMRC.

You may or may not have heard about 'Making Tax Digital', HMRC's drive to digitise the tax system. What you probably do not appreciate is what this could mean for you? RZ Associates believe that it's important that you understand these changes and that we are able to assist you in the transition to MTD.

The aim of MTD is to make individuals maintain their income details online, via your own software or via HMRC's personal tax accounts (see below), as well as abolishing the self-assessment income tax return as we know it by 2020.

### **Digital Tax Accounts**

Individuals who have registered for self assessment through the government gateway can already access their own 'digital tax account.' Individual taxpayers will find that all of their income that is notified to HMRC by third parties such as employers, banks, etc. is available via their online digital tax account. Individuals can then check the reported information and if necessary, amend errors or provide details of other income and gains. Where individuals have no other income this will provide an up to date breakdown of income, gains and tax payable.

RZ Associates think it is important that all individuals, not just those who currently complete tax returns, register for their digital tax accounts and ensure that the information that is received by HMRC is accurate. Our own experience of HMRC's digital tax accounts is that HMRC are making mistakes and incorrect assumptions about income and issuing PAYE codes that are completely inappropriate.

### **Annual Declaration**

HMRC claims that the annual tax return will no longer be required. Instead, individuals will be required to file a year end declaration. You may well ask what difference there is between the year-end declaration and a tax return, other than the name. Well, other than a new look to the process, the only difference would appear that the year-end declaration will have pre-populated information from third parties where applicable, which is a huge step forward and very welcome.



RZ Associates Ltd, Aeroworks, 5 Adair Street, Manchester, M1 2NQ  
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## Businesses

If you have a business or company, HMRC are also introducing MTD for businesses that commences in April 2018 for sole traders, partnerships and landlords with a turnover of more than the VAT registration threshold, currently £85,000, April 2019 for VAT (and businesses with a turnover above £10,000) and April 2020 for companies and partnerships with a turnover in excess of £10m. For further information see our leaflet on MTD for Businesses or contact us to discuss your concerns.

## Landlords – Property Income

Commencing in April 2018 non-company landlords receiving gross rental income in excess of £85,000 per annum will be required to submit quarterly returns under MTD and will need to follow the same process as a sole trader or partnership. From April 2019 the gross rental income requirement reduces to £10,000. For further information see our leaflet on MTD for Businesses or contact us to discuss your concerns.

### Summary

- Personal digital tax accounts will be available from April 2017 showing real time information of taxed earnings and interest so that individuals can check the information held by HMRC
- An annual declaration will be required instead of a tax return. For individuals this will be due by 31 January following the end of the tax year
- MTD for businesses and companies is also being introduced
- New late filing penalties to be introduced, although not for the first 12 months

### How can we help?

RZ Associates can provide advice and assistance in your transition to 'Making Tax Digital.' This includes reviewing your requirements, recommendation and implementation of an accounting solution that suits your own requirements as well as ensuring that you are ready to comply with quarterly reporting if needed.

We also provide a cloud bookkeeping and accounting software solution for you to use.

**Please call us to discuss what this will mean for you.**



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**Telephone : 0161 255 2786**

**Email : [info@rzassociates.co.uk](mailto:info@rzassociates.co.uk)**



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