

Questions Log C:\Users\User\Documents\nick\QuestionsLog 2016_09_06 13_56.rtf

Audience Question:

Q: Can u define 'businesses' - do you mean sole traders

A: Businesses includes self employed individuals, partnerships, unincorporated businesses, incorporated businesses, limited liability partnerships and landlords.

Audience Question:

Q: How does a business include its capital allowances claim under MTD? How is work in progress accounted for?

A: Businesses will have a choice as to whether to record these figures in year or after the end of their period of account. The software businesses will use enable either choice.

Audience Question:

Q: Would it be possible to offer these webinars in the evening so that Childminders could attend?

A: Hi we often do that for childminders and foster carers. Search webinars on gov.uk and under self employed we have links to webinars both live and recorded

Audience Question:

Q: what are we preparing instead of a tax return?

A: Quarterly updates of summary information during the year and an end of year submission. For cash based businesses who are unlikely to have end of year adjustments, this submission is likely to be a very straightforward process.

Audience Question:

Q: There have been a number of references to 'software' and 'apps'. Will HMRC be developing these?

A: Jim will be advising about this shortly.

Audience Question:

Q: When are capital allowances/prepayments etc reported? How about seasonal businesses? The data on the digital account will not be a true representation.

A: Please see answer to Trish Baillie's question. We accept that information provided before the end of a period account may not be final. It will represent the updates that have occurred to date. As payment dates will not change, the tax position will be finalised after the end of the period of account, as now.

Audience Question:

Q: Spreadsheets need to be allowed as a format for sending you data. I have over 200 clients and not one uses an app to record data. What are they supposed to do?

A: Free software will be available for the most straightforward businesses. Spreadsheet accounting is an issue that has been raised with us and we are currently considering the position here and we have invited views during the consultation.

Audience Question:

Q: Will agents have access to the digital accounts for their clients ?

A: This is for Businesses and their agent's to agree on.

Audience Question:

Q: How does one sign up for 2017 public beta reporting?

A: Please see link <https://www.gov.uk/government/collections/making-tax-digital-consultations>

Audience Question:

Q: what sort of time period will we have to submit quarterly updates?

A: There is a polling question coming on this.

Audience Question:

Q: What is going to happen for people who are not landlords or in business but currently complete tax returns?

A: Please see link

<https://www.gov.uk/government/consultations/making-tax-digital-for-business-an-overview-for-small-businesses-the-self-employed-and-smaller-landlords>

Audience Question:

Q: will there be penalties where there is information missing from the quarterly summary as long as it is corrected at the year end?

A: Jim will be giving you some information on penalties shortly.

Audience Question:

Q: You are saying that the information will be provided by software or apps from an agent. But many of my clients only do their accounts once a year, and this includes actually doing bank reconciliations etc. What software are you anticipating agents or customers will use? And what about the complex accounting issues that need to be processed at the year end. Also, without wishing to be difficult, the current HMRC offerings in digital terms are very poor indeed. I spend a huge

disproportionate amount of time trying to find/process/give information to HMRC and I can only see this getting worse.

A: Businesses will need to keep records digitally as they go. This is a change from current practices. Businesses will however have a choice as to when they make complex accounting adjustments - these can be done after the end of their period of account, as now, if they so choose. A range of software products will be available, to meet the different requirements of customers. These will be delivered by the market, not HMRC.

Audience Question:

Q: Who will pay for the software needed? The time taken to change systems will also cost time and money

A: Free software will be available for the most straightforward businesses. HMRC is working very closely with the software developer industry and we expect that they will provide a range of products at a variety of price points.

Audience Question:

Q: Hello - will the £10k threshold be based on the last year? eg if a trader has t/o in 4 quarters 2k, 2k, 2k, then 5k - would they then have to fill in all 4 quarters retrospectively?

A: This is covered in Chapter 7 of the consultation document: Bringing Business Tax into the Digital Age

Audience Question:

Q: Will the quarterly updates be cumulative or just a provision of each individual quarter. If individually will there be an easy method of amending previous quarters.

A: Each update will provide cumulative information for the year to date. It will be possible to amend information provided in previous updates up to the end of the year.

Audience Question:

Q: Will all taxpayers have the same quarterly reporting dates or will it be staggered like VAT?

A: It will depend on the individual business's accounting period.

Audience Question:

Q: Who will be providing free software?

A: HMRC are working with the software industry to get these developed. There will be more information on this shortly.

Audience Question:

Q: When will the apps and software for public beta be available?

A: We are working with the software industry to ensure that apps and software are available in time for the public beta which we expect to take place from the first half of 2017.

Audience Question:

Q: I missed the bit on who is required to file?

A: These changes apply to businesses, landlords and the self-employed with annual turnover of £10k or more.

Audience Question:

Q: If making tax digital will make reporting easier, why is it necessary to have an exemption/delay for compliance?

A: During our engagement with stakeholders concerns were expressed about the pace of change and the impacts on businesses to comply with the new requirements. The deferral announced in the consultation helps unincorporated businesses manage the transition to Making Tax Digital.

Audience Question:

Q: Why do HMRC want information quarterly if tax is still calculated annually and that quarterly information might not include capital allowances if that's entered annually. Won't the tax estimates be wrong if they don't include capital allowances. Therefore defeating the point in doing it quarterly?

A: The accuracy of the tax estimates will vary depending on how complex the business is and whether it needs to make accounting adjustments, claim allowances and reliefs, etc and when it chooses to make these entries. But the point of quarterly updates is not just to offer a tax estimate (although many businesses will find this helpful) but also to ensure businesses keep more accurate records of their transactions on a regular basis, thus reducing the likelihood of errors occurring - which generates costs for both customers and HMRC in order to correct these later.

Audience Question:

Q: Will all businesses have the same quarterly dates?

A: It will depend on the individual business's accounting period.

Audience Question:

Q: A spreadsheet is digital. Can a spreadsheet be used?

A: In the consultation document, we have sought views on the viability of taking data from spreadsheet packages into MTD-compatible software.

Audience Question:

Q: There seems to be an increasing number of forms and tasks that individuals do through their Personal Tax Account. However, agents cannot access individuals' PTAs, so what provision is being made for agents in these circumstances as it

appears that they are being edged out of the process.

A: We are currently working on providing access to digital services to ensure they can see and do what their clients can see and do.

Audience Question:

Q: You say free software will be available in an answer to another attendee, but then say HMRC will not provide any free software. So how does that work!

A: The Government has committed to providing free software to the most straightforward businesses. HMRC is working closely with the software developer industry to ensure that they provide a range of free products.

Audience Question:

Q: There is no point asking taxpayers to speak to their agents as you are not giving agents information about MTD.

A: There are special webinars for agents, the next one is on 19 September. You can register via this link : <https://www.gov.uk/government/news/webinars-and-events-for-making-tax-digital>

Audience Question:

Q: Will we get agent logins?

A: We expect that agents will be able to submit quarterly updates and end of year submissions on behalf of their clients.

Audience Question:

Q: does HRC imagine that tax agents receive most of the client records by email or that most clients keep thier own records - this is completely inaccurate. MOst small businesses do not keep thier own records manually or digitally - this sytem is designed to eliminate Agents from the direct relationship beytween client and HMRC. Tax Agenbts will be sidelined to a role of digital biik keeper for thse able to pay.

A: This is not about sidelining agents or removing the need for agents. Many businesses will still choose to use an agent and we are working with the software industry to ensure the right products are in place to ensure they can do so. We have been engaging informally with agents for some time and many of them have told us that they are looking at how they can evolve their business model to take advantage of some of the opportunities that the shift to digital offers.

Audience Question:

Q: Do ALL purchase invoices have to be kept digitally? And if so, what will that achieve?

A: Yes, all transactions will need to be recorded digitally in software (although updates will consist only of summary data, not every transaction that has occurred). The purpose of the digital record keeping requirement is to reduce the number of record keeping errors that currently need to be corrected later.

Audience Question:

Q: Comment: Broadband - for those with poor download rates, will HMRC be sending out the software for making submissions on a pendrive/CD, so that business may upload the software?

A: We are working across government on the availability of broadband and with the software industry to ensure there are a wide range of digital record keeping products available, including those which will allow people to enter data offline. Internet connectivity required to complete the upload process for the regular updates is expected to be minimal. The amount of data that will be required to send an update is comparable to a small email without attachments.

Audience Question:

Q: the first time you need to file quarterly, will you need to submit a tax return before April 2019 as well as filing 1/4ly?

A: The transition to digital record keeping and quarterly updates is discussed in the consultation document. Much will depend on what the accounting date is of the business, but we want to avoid a situation where customers are in two process simultaneously. So once quarterly updating commences for an individual business, it should not be necessary to complete an SA tax return for the same period of account. Of course, there may be SA returns still due for earlier tax years before MTD commences, and the deadlines for this may overlap with the requiremnt to make updates.

Audience Question:

Q: How would a software company get involved in the discussions around developing the software for small businesses?

A: Hi look here <https://www.gov.uk/government/collections/register-as-a-software-developer>