



# *TAXbite: MTD - who is in scope and when does it start?*

ICAEW TAX FACULTY

# *Who is in scope of MTD for VAT?*

- MTD for VAT applies to all VAT registered businesses with turnover above the VAT threshold
- Applies to non established taxable persons (same threshold applies)
- Businesses voluntarily registered for VAT – continue to use the government gateway
  - BUT keep an eye on turnover
  - Can elect into MTD for VAT
- Business is not registered for VAT – MTD for VAT does not apply
- Some businesses will be eligible for a digital exclusion

## *The turnover test*

- A 12 month turnover test applies
  - Include all supplies except outside the scope and exempt supplies
- Perform test at the end of each month, regardless of VAT accounting periods – a continuous test
- If threshold reached at the end of a month, apply MTD rules from the start of the next VAT accounting period
- Unless the deferral applies, MTD for VAT commences from the start of the first VAT period commencing on/after 1 April 2019

# *A six month deferral to October 2019 for some businesses*

- trusts
- 'not for profit' organisations that are not companies (this includes some charities)
- VAT divisions
- VAT groups
- public sector entities that are required to provide additional information alongside their VAT return (such as Government departments and NHS Trusts)
- local authorities and public corporations
- traders based overseas
- those required to make payments on account
- annual accounting scheme users

## *When does it start?*

<b>VAT stagger group</b>	<b>Check taxable turnover for</b>	<b>Keep digital accounting records from</b>	<b>First MTD for VAT quarter</b>	<b>Deadline for first MTD for VAT return (electronic payment)</b>
Mar/Jun/Sep/Dec	12 months ended 31 March 2019	1 April 2019	Apr/May/June 2019	7 August 2019
Apr/Jul/Oct/Jan	12 months ended 31 March 2019 & 30 April 2019	1 May 2019	May/June/July 2019	7 September 2019
May/Aug/Nov/Feb	12 months ended 31 March 2019, 30 April 2019 & 31 May 2019	1 June 2019	June/July/Aug 2019	7 October 2019

## *And once the business has signed up...?*

- Once in MTD for VAT, the business stays in MTD for VAT
- UNLESS the usual deregistration conditions apply

## *Further support*

- [www.icaew.com/mtd](http://www.icaew.com/mtd)
- [www.icaew.com/taxbites](http://www.icaew.com/taxbites)
- Future webinars [www.icaew.com/taxfacevents](http://www.icaew.com/taxfacevents)
- VAT Notice 700/22: Making Tax Digital for VAT <https://www.gov.uk/government/publications/vat-notice-70022-making-tax-digital-for-vat>

# *Thank you for watching*

We hope you have found this TAXbite useful.

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