

Welcome from the editor-in-chief, May 2018

Welcomes

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Countdown is progressing

The Making Tax Digital revised timeframe means that the immediate priority is getting clients with turnover above the VAT threshold ready for the implementation of the MTD for VAT regime in April 2019.

This time last year we completed our first wave of migration of clients onto cloud based accounting software. The businesses we choose were all registered for VAT and used to the quarterly rhythm of making submissions to HMRC. Although there has been a definite improvement in bookkeeping efficiencies and access to useful management information it hasn't all been plain sailing. If you are just starting to think about MTD one area I would give a word of warning about are bank feeds – in general, they really do save lots of inputting time but they have presented difficulties with syncing and client activation requirements.

[Sharron West provides an update on how MTD will affect small and micro businesses](#)

. She explains that it will also be possible to apply for exemption from MTD due to being digitally excluded. The procedure for applying for exemption has not yet been confirmed but the regulations indicate it will be a system where exemption requires explicit approval from HMRC and will not be a self-certifying process.

Demergers

The concept of a demerger is simple. As businesses grow there may come a time where there is a need for business divisions to be restructured and streamlined. Demergers are still one of the most complicated areas of taxation and transaction structuring. [Kiret Singh looks at the real issues faced.](#)

Reasonable excuse

A taxpayer may claim to have a reasonable excuse and HMRC must consider 'special circumstances' for the late filing of an SA return.

[Michael Steed looks at the shifting landscape regarding mental health awareness](#) and asks if there are any discernible trends in tribunal decisions, pressure from the media, or HMRC policy as to what constitutes a 'reasonable excuse'

Clawback of input tax

Many business owners are unaware that if they claim input tax based on an intention to make future taxable supplies, this claim might need to be reduced or repaid if there is a change in trading plans so that the expense instead relates to actual exempt use. The rules work both ways: a non-claim of input tax because of a link to intended exempt use can be adjusted with a future claim if the first actual use is for taxable purposes.

[Neil Warren explains when input tax claimed or not claimed by a business might need to be adjusted in the future if it changes its intentions.](#)

Discovery assessments

[Keith Gordon considers a recent Upper Tribunal case which revisits the question as to when a discovery assessment is valid.](#) The Tooth case demonstrates, there are additional protections given to taxpayers which mean that HMRC have to overcome certain hurdles before the conditions of a discovery assessment are met.