

Welcome from the editor, April 2016

Welcomes

01 April 2016

The digital rush

During January I asked my clients what they thought about a change to reporting four times a year. The message back was loud and clear: ‘I am not a figures person – I want to leave all this to you’; or ‘I’m really worried about what HMRC will do if I make a mistake – can you still help?’ Although the Making Tax Digital project may go a long way to improve the accounting records of some, taxpayers still have fears about interacting with HMRC. I hope that the department will take this opportunity to strengthen a culture of support rather than one that reinforces the fears of being penalised – more carrot, less stick.

Welcome reflections

Throughout 2016 and beyond we will be monitoring the developments of the project and its many different aspects. Chris Jones noted in [his welcome in January](#) that ‘there will be opportunities for agents and tax professionals’. In our February issue, Ralph Pettengell was keen to highlight that ‘it is essential for tax professionals to understand what is proposed and to appreciate the fundamental impact this will have on many business models’.

Technical submissions

In the March issue, Richard Wild highlighted the CIOT and LITRG briefing note on the Making Tax Digital project for the Westminster Hall debate on 25 January. This is an excellent document for anyone that hasn’t found time to delve into the detail. It expresses a number of points, including the requirement for compulsory quarterly reporting.

The practitioner’s view

James Abbott shares his reactions to the introduction of digital tax accounts. James expresses his concerns that their introduction may place too much pressure on an individual trying to establish a business and that this seems at odds with the government’s own drive to help entrepreneurs.

The view from HMRC

There are concerns that the new systems are being designed without agents in mind. Theresa Middleton confirms that ‘taxpayers will be able to give an agent access to manage the digital account on their behalf and our research suggests that many taxpayers will continue to want to use an agent’.

One of the latest explanations on how the new digital tax accounts work in practice is [HMRC’s animation](#).

The animation demonstrates how businesses might experience the online system. It has a feel of online accounting apps with one key difference. The eagle-eyed will note at 1min 50sec that, as well as recording the transactional details of a payment, there is one button relating to whether the expenses are allowable and another for the business owner to press to share with HMRC. This is transactional reporting, not headlines sales and expenses – are you ready for this?