

# Making Tax Digital - consultation

Indirect Tax

Management of taxes

OMB

Personal tax

01 October 2016

Have your say on HMRC's Making Tax Digital proposals.

On 15 August 2016, HMRC published six consultation documents on its Making Tax Digital proposals. The consultation will run until 7 November 2016 so there is still time for members to have their say.

In summary;

- From 2018 most businesses, the self-employed and landlords will need to use software or apps to keep their business records and to update HMRC quarterly.
- There will be an exemption for all unincorporated businesses and landlords with gross income/annual turnover below £10,000 (though this amount is subject to consultation).
- HMRC is proposing to defer implementation for a year for a limited group of unincorporated businesses and landlords with annual turnover above £10,000 but below a threshold that is also being consulted on.
- Those who genuinely cannot use digital tools will not be forced into doing so and they will be exempted entirely from the new obligations.
- Other groups that feel they should be out of scope can make their case as part of the consultation.
- HMRC is consulting on simplifying some of the underlying tax rules to support the changes being introduced by Making Tax Digital, including extending the 'cash basis' to larger enterprises and to property businesses, reforming the basis period rules and simplifying reporting for businesses that use GAAP accounting.
- HMRC is also consulting on introducing 'voluntary pay as you go' for businesses and landlords who keep their records digitally and update HMRC regularly.

There are proposals to adapt HMRC's compliance and enquiry powers to support the changes being introduced to reporting and filing obligations, and to introduce a new

regime for late submission penalties, late payment sanctions and proposals to align interest across taxes.

HMRC is also consulting on how more effective use of third-party information can help to transform the tax system.

If you have specific comments on the consultations to be considered for inclusion in our formal submissions to HMRC, email them by 15 October to the CIOT Technical Team at [technical@ciot.org.uk](mailto:technical@ciot.org.uk) or the ATT Technical Team at [atttechnical@att.org.uk](mailto:atttechnical@att.org.uk)

An [overview of the Making Tax Digital proposals](#) can be found on GOV.UK.

If you would like to respond only to the questions in the overview document, HMRC has put together an [online survey](#).

Comments on questions posed in each of the consultation documents can also be sent directly to HMRC using the email addresses provided (see below).

The six documents are:

1. [Making Tax Digital: bringing business tax into the digital age](#) (including digital record keeping and quarterly reporting requirements).

Email comments directly to HMRC at [makingtaxdigital.consultations@hmrc.gsi.gov.uk](mailto:makingtaxdigital.consultations@hmrc.gsi.gov.uk).

2. [Making Tax Digital: tax administration](#) (including compliance powers, late submission penalties, late payment sanctions and interest).

Email comments directly to HMRC at [MTDTA@hmrc.gsi.gov.uk](mailto:MTDTA@hmrc.gsi.gov.uk).

3. [Making Tax Digital: voluntary pay as you go](#).

Email comments directly to HMRC at [makingtaxdigital.consultations@hmrc.gsi.gov.uk](mailto:makingtaxdigital.consultations@hmrc.gsi.gov.uk).

4. [Making Tax Digital: transforming the tax system through the better use of information \(third-party information\)](#).

Email comments directly to HMRC at  
[processtransformation.mtd@hmrc.gsi.gov.uk](mailto:processtransformation.mtd@hmrc.gsi.gov.uk).

5. [Simplifying tax for unincorporated businesses](#) (including increasing the entry threshold to the 'cash basis', reforming the capital/revenue divide inside the 'cash basis', reforming basis periods for all self-employed sole traders and simplified reporting for businesses using GAAP accounting).

Email comments directly to HMRC at  
[businessincometaxsimplification.consultation@hmrc.gsi.gov.uk](mailto:businessincometaxsimplification.consultation@hmrc.gsi.gov.uk).

6. [Simplified cash basis for property businesses](#).

Email comments directly to HMRC at  
[propertycashbasis.consultation@hmrc.gsi.gov.uk](mailto:propertycashbasis.consultation@hmrc.gsi.gov.uk).

Finally, thank you to all members who took part in the recent CIOT and ATT Making Tax Digital survey. We had a magnificent response. We're now collating the results which will be invaluable as we put together our formal responses to the consultations.