

# Are you prepared for MTD? Your last minute checks

MTD is entering its fourth year of discussion in the [accountancy](#) world and is finally coming to fruition. Originally announced in the 2015 Budget, the process was set to modernise the UK's tax system.

Finally set in stone for April 2019, all businesses with a revenue of over £85,000 a year will need to complete their VAT reporting online and maintain digital accounting records.

At the moment, although nothing is confirmed, it's looking like April 2020 will throw income (for the self-employed and those with income property) and corporation taxes into the mix too, as well as enforcing the practice for all businesses.

So, what should be on your to-do list?

## Discuss your opt-i(o)ns

Any business, even under the £85,000 threshold can choose to opt into the scheme. Have you discussed this option with your accountants? If you're close to the threshold it may be beneficial to get on board now, rather than prolonging the wait.

If you decide not to opt-in, you are obliged to perform turnover tests at the end of every month. Once turnover exceeds the £85,000 threshold, you will be enrolled into MTD for the following accounting period.

## Make use of the opportunity

We've already spoken about MTD and how we can look forward. To ensure reports are kept clean, tidy and accurate, you're likely to have far more contact with your accountants. This can be a great opportunity to build a relationship with your accountant and get some advanced or forecasted insights into the everyday running of your business.

## Get everybody on the same page

Still feeling cloud-phobic? Sadly, a survey by software company IRIS found that [four in five practice clients](#) are still reliant on spreadsheets. This is a fantastic opportunity to be innovators and get onto the cloud earlier rather than later.

For the cloud, in general, these are some of the benefits you might want to make use of:

- Accuracy and ease
- Licenses are often monthly subscriptions, so there's no large initial investment
- No need for software updates
- Backed up data
- Access anywhere, anytime
- No need to transfer files between accountant and yourself

Make sure to also add on any platform-specific benefits, eg. data alerts or forecasting. Getting used to [cloud-based accounting software](#) will make the transition to MTD much easier. With most software, you have the ability to create bank feeds that will show transactional data flows straight into the ledger.

Additionally, some have the option to collaborate by leaving and receiving messages within the software.

## Start preparing for phase two

You can never start planning too early. Although the date's not yet set in stone, HMRC has announced their intention to repeat this year's process next year, with Income and Corporation tax. Using what you learnt going through the training and onboarding process this year to improve your process next year.

Likewise, although not set in stone, it's predicted that all VAT businesses, regardless of their taxable turnover, will have to comply with MTD by 2020, so starting up conversations with accountant now will alleviate the on boarding time and effort.

## Rethink your services

We've noted that you're going to be seeing your accountants a lot more regularly and the implementation of MTD may see you needing additional help and services. In this case, you may want to set up a 'tax package' as part of your accountancy reports.

# Rethink your timetable

With MTD, you will want to have monthly or quarterly reports provided. So, you can breathe a sigh of relief and say goodbye to the dreaded end of the tax year rush. Plus, if you're using cloud platforms, relevant streams can be created to keep the platforms constantly up to date.

Additionally, work out how you're going to schedule in the additional meetings with your accountants, and how you will manage the increase in reporting data and frequency to continue business growth.