



# ***TAXbite: MTD - the exemptions***

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## ***Automatic exemptions from MTD for VAT***

- Businesses with taxable turnover below the VAT threshold (£85k)
- Businesses already exempt from online filing for VAT
- **Exemption is automatic, no application required**
- If a business wants to opt in they should follow the standard sign-up process
  - **Agents** - <https://www.gov.uk/guidance/making-tax-digital-for-vat-as-an-agent-step-by-step>
  - **Businesses** - <https://www.gov.uk/guidance/use-software-to-submit-your-vat-returns>

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## ***Digital exclusion exemptions from MTD for VAT***

- Where it's not reasonably practicable for a business to use digital tools to
  - keep business records or
  - submit VAT Returns
- Because of
  - Age
  - Disability
  - Remoteness of location
  - **For any other reason**

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## ***Exemption based on age***

- No exemption 'purely' on age grounds
- HMRC has declined to specify an age

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## ***Exemption based on disability***

Where an individual cannot use a computer, tablet or smartphone

- with the frequency or
- for the amount of time

it takes to keep digital records for the business

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## ***Exemption based on location***

- Where it is not possible to get suitable internet access either at
  - Home
  - Business premises or
  - Other suitable location
- HMRC accepts that using public computers (eg, in a library) is inappropriate

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### ***Other exemptions from MTD for VAT***

- Business is subject to an insolvency procedure
- Business is run entirely by practising members of a religious society or order whose beliefs are incompatible with using electronic communications or keeping electronic records

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### ***Overall assessment by HMRC***

- Business should expect **reasonable** time, effort and cost to be involved
- HMRC will make an overall assessment, taking all factors into account
- Main difficulty may be where business makes some use of digital devices

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## *How to apply*

- Phone VAT helpline 0300 200 3700 or
- Write to HM Revenue and Customs
  - VAT Written Enquiries Team, Portcullis House, 21 India Street, Glasgow, G2 4PZ
- HMRC will respond in writing, setting out appeal rights
- While application or appeal being considered
  - Continue to follow current VAT processes

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## *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 section 3:  
<https://www.gov.uk/government/publications/vat-notice-70022-making-tax-digital-for-vat>

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## ***Thank you for watching***

We hope you have found this TAXbite useful.

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**visit [icaew.com/jointf](http://icaew.com/jointf)**

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