



TAXbite: MTD – voluntarily VAT-registered businesses

ICAEW TAX FACULTY

Voluntarily VAT-registered businesses

- Businesses which have registered for VAT but have turnover **BELOW** the VAT registration threshold (£85,000) are not in scope for MTD for VAT
- No legal requirement to maintain digital records
- Continue to use the existing government gateway or XML software to file VAT returns
- Businesses should monitor turnover
 - Perform turnover test at the end of each month
 - Once turnover exceeds the threshold the business is in MTD for VAT from the start of their next VAT accounting period
- Consider de-registering from VAT if only minimal input VAT is reclaimed?

Opting into MTD for VAT

- Businesses which are exempt from MTD for VAT can elect to waive their exemption
- Opt in by following the normal online 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>

- Once in MTD for VAT the business will remain in unless:
 - Turnover remains below the threshold and business opts out
 - The usual deregistration conditions apply

Opting out of MTD for VAT

- Opting out of MTD for VAT during the pilot is difficult due to HMRC system constraints
- HMRC is developing an opt out service for those that are voluntarily registered for VAT, have opted in and now wish to opt out
- Timetable for the opt out service currently unclear
- Contact the VAT helpline in the first instance **0300 200 3700**

Further support

- www.icaew.com/mtd
- www.icaew.com/taxbites
- Future webinars www.icaew.com/taxfacevents
- VAT Notice 700/22: Making Tax Digital for VAT <https://www.gov.uk/government/publications/vat-notice-70022-making-tax-digital-for-vat>

Thank you for watching

We hope you have found this TAXbite useful.

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or contact us at

taxfac@icaew.com

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