Broadcast

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Nunn Hayward **NH**

Personal & Business Taxation   –   Audit & Assurance   –   Accounting & Business Services

GOVERNMENT PUBLISHES 'NO DEAL' BREXIT ADVICE

The government has released the first batch in a series of 'no deal' Brexit technical notices, with the stated aim of helping businesses and individuals to make preparations in the event of a UK-EU agreement not being realised.

Publishing the first 25 notices, Brexit Secretary Dominic Raab was keen to emphasise that reaching a deal remains the 'overriding priority'. However, until a Withdrawal Agreement is ratified by the UK and European Parliaments, the possibility of the UK leaving the EU without a deal on 29 March 2019 remains.

The 25 documents cover a range of different areas, including medicine, imports and exports, financial services, farming and workplace rights.

The technical notice on human medicines confirms that the UK will continue to accept new medicines tested in the EU, and advises pharmacists to stockpile additional medicine in order to avoid any supply issues.

Meanwhile, the government advises businesses trading with the EU to begin planning for new customs checks, and also warns that the cost of card payments between the UK and the EU is likely to increase.

Business groups have responded to the publication of the first batch of notices.

The British Chambers of Commerce (BCC) criticised the government for making UK businesses 'wait too long' for answers to 'basic' Brexit questions. Its Director General, Dr Adam Marshall, said: 'No deal preparations should have happened far earlier, and the onus is on the government to move quickly and give businesses as much detailed, technical information as possible to avoid significant disruption in any scenario.'

Meanwhile, the Confederation of British Industry (CBI) welcomed the publication of the notices. Josh Hardie, Deputy Director General at the CBI, said: 'It's right and responsible that the government has supplied information to businesses on issues from financial services passporting to food labelling, all of which will help lower the risks of the harshest outcomes from a 'no deal' Brexit.'

The government will publish further technical notices in September. However, businesses and individuals are advised to seek professional advice on their individual circumstances.

For more information on any points above, please contact us on 01753 888211 or visit www.nhllp.com

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Revenue publishes further information on Making Tax Digital requirements

Making Tax Digital for VAT (MTD for VAT) is set to come into effect from 1 April 2019 for businesses which have a taxable turnover above the VAT registration threshold (currently £85,000). In VAT Notice 700/22, published on 13 July 2018, HMRC outlined further details and confirmed its intention to give some respite to taxpayers who may struggle with the digital requirements.

Eventually, all businesses will be required to keep their records in a digital format and to have digital links between the software programs they use. However, in the first year of mandation, businesses will not be required to have digital links in place between MTD-compatible software programs.

Firms will, nevertheless, need to file VAT returns digitally using HMRC's Application Programming Interface (API) platform.

What are digital links?

VAT Notice 700/22 states that a digital link is 'an electronic or digital transfer or exchange of data between software programs, products or applications'. Under MTD for VAT, taxpayers are permitted to use more than one piece of software, as long as the programs are digitally linked.

The VAT notice gives some examples of digital links. HMRC will accept digital links as:

- linked cells in spreadsheets
- emailing a spreadsheet with digital records to an agent so that they can import the data into software in order to carry out a calculation (such as for partial exemption)
- transferring digital records to a portable device, such as a USB stick, to give to an agent to import into their software
- XML and CSV import and export, and the download and upload of files
- automated data transfer
- API transfer.

HMRC is keen to emphasise that this list is not exhaustive. The Notice also states that 'the use of cut and paste does not constitute a digital link'. However, in the first year of mandation, HMRC will 'accept the use of cut and paste as being a link' for the relevant VAT periods. In time, however, taxpayers will need to ensure that digital links are available between the software programs they use.

Filing VAT returns

VAT returns must be filed digitally through API-enabled software, and not through HMRC's current portal. Businesses with up-to-date digital records will find that their chosen software can collate and prepare VAT returns with ease; firms will then be able to declare that the information is correct, and submit the return to HMRC.

HMRC will not be providing software to enable taxpayers to file their VAT returns. It has, however, compiled a list of MTD-compatible software providers. The list will be updated as more software providers develop MTD-compatible software programs.

Next steps

With MTD for VAT set to take effect in April next year, VAT-registered businesses will need to ensure that they are digitally compliant. If you do not already use compatible software, this may be the first thing you will need to address and begin making use of.

NUNN HAYWARD
B R E X I T
SEMINAR

We will be hosting a breakfast seminar on '**Leaving the EU and the Tax Implications**' at the beginning of November at the Buckinghamshire Golf Club.

Pre-register your interest by contacting **info@nhllp.com** or call **01753 888211** and reserve your place.

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