**Crib Sheet for leader of session**

This crib sheet includes all of the questions in the Word templates, but they are ordered to follow the slides; there are page references in the slide notes pages. The response templates (6 separate documents) show the questions in numerical order to make it easier for HMRC to analyse the responses. There is no need to consider and respond to every question, but we have selected those we think will be of most interest to smaller firms of accountants and advisers. You may like to ask a scribe to record details of the discussions during the session to speed up completing the response templates.

**Main consultation**

Slide 5

**Question 35:** Do you agree that £10,000 annual income is an appropriate threshold for exempting businesses from Making Tax Digital? Do you have any other comments on how the exemption should operate?

**Question 36:** Should the smallest unincorporated businesses that are not exempt have an extra year to prepare for Making Tax Digital? How should eligibility for this group be defined?

Slide 6

**Question 1:** What are the challenges for businesses that currently keep their records on paper or simple spreadsheets in moving to an integrated software package for record keeping, and what further measures or support would help businesses to meet these challenges?

Slide 7

**Question 35: - Covered above**

**Question 34:** Which businesses should be included within a consistent definition of persons ‘unable to engage digitally’?

**Question 30:** Should charities be exempt from the requirements to maintain digital records and to update HMRC at least quarterly?

**Question 31:** Should trading subsidiaries of charities be exempt from the requirement to maintain digital records and to update HMRC at least quarterly?

**Question 32:** Should CASCs be exempt from the requirement to maintain digital records and to update HMRC at least quarterly

**Question 38:** Which additional groups (if any) should be exempt from the requirements to maintain digital records and to update HMRC at least quarterly?

Slide 8

**Question 8:** Do you agree with the minimum transaction data fields proposed for trading businesses, including retailers? What other data fields might the record keeping software usefully include as a minimum?

**Question 10:** Do you have any comments on the additional data capture requirements for property income and capital gains?

Slide 9

**Question 3:** What types of business should a free software product cater for? What functionality would be necessary in a free software product?

**Question 4:** What level of financial support might it be reasonable for the government to provide towards investing in new IT, software or training, to whom should such support be aimed, and what is the most appropriate form for delivering such support?

**Question 5:** What other forms of support would help to make the transition to Making Tax Digital easier?

**Question 39:** Do you believe that there is the opportunity for MTD to create savings for your business? What percentage time reductions would you see from the following?

a) Targeted software tax guidance (prompts and nudges to get information right first time).

b) Gathering, collating and inputting data.

c) Reporting obligations through providing regular updates.

d) Any other potential savings not covered above.

**Answered from client perspective**

**Question 41**: What costs might you expect your business to incur in moving to the new regime? Please provide details of the costs for:

a) Time spent in your business familiarising with the new processes and conversion to these new processes.

b) Software expenditure costs (new or upgrading software).

c) Hardware expenditure costs (purchase of a computer, tablet device, etc).

d) Any other costs which are not covered above.

**Answered from client perspective**

**Question 42**: Do you expect that your business will incur additional on-going costs as a result of these changes? Please provide the details of the additional costs or time for: a) Additional support from your accountant or tax agent.

b) Additional time spent gathering, collating and inputting data.

c) Additional time reporting obligations through providing regular updates and any end of year activity.

d) Any other costs or time spent not covered above.

**Answered from client perspective**

**Question 44:** If you are an agent, please provide details of how these changes will impact on your own business, including details of any one-off and ongoing costs or savings. How do you perceive that these changes might affect your clients?

Slide 10

**Question 11:** What should the minimum categorisation in the software be? Would additional sub-categories be useful?

**Question 20:** Do you have views on how detailed the summary data in the updates should be, and whether the level of summary data should be different depending on the size of the business?

**Question 21:** Do you have any comments on the categorisation of summary data in the updates?

**Question 22:** Do you have any views on what VAT data the updates should contain? Do you have any views on the advantages or disadvantages of including VAT scheme data in the updates? If so, which schemes and which data should be included in the updates?

**Question 23**: What flexibility around update cycles would be useful?

**Question 24**: Do you agree businesses should be allowed one month to submit their update? Would any problems be caused for VAT registered businesses by standardising the time limit for updates for all taxes?

Slide11

**Question 27:** Do you agree that the process of finalising the regular updates should be separate to the regular updates?

**Question 28**: Do you agree that businesses should have nine months to complete any End of Year activity?

**Question 14:** Do you agree that businesses should have the choice as to when to record accounting adjustments?

**Question 15:** Do you agree that business should have the flexibility to reflect reliefs and allowances when they choose?

**Question 16:** What do you consider is the most appropriate approach to reflecting the effect of the personal allowance on an individual’s taxable business profit?

**Question 17:** Is this the right treatment of partnerships? Are there any additional partnership issues that need to be considered?

**Question 18:** Is this the right treatment of individuals who receive income from property, let jointly?

**Question 19:** Is this the right treatment of subcontractors within the Construction Industry Scheme? Are there any other CIS issues that need to be considered?

Slide 12

**Question 13:** What prompts and nudges would be most useful to businesses?

**Simplification proposals**

Slide 13

**Question 10**

a: If the cash basis entry threshold is raised would you consider using the cash basis, or advising your clients or members to use it? If so please provide details of anticipated impacts, including both one-off and ongoing benefits and costs.

b: If the proposed basis period reform is taken forward, how do you think this would impact on business admin burdens? If possible, please provide details of anticipated impacts, including both one-off and ongoing benefits and costs.

c: If the reduced reporting framework is introduced, please provide details of how this will affect your business or your clients or members, including details of both the expected one-off and ongoing benefits and costs for: - Familiarisation with the new scheme and updating software or systems - Having to make fewer adjustments than would be required under UK GAAP

d: If the revenue / capital divide is simplified as suggested do you believe that this would simplify reporting for businesses within the cash basis? If so please provide details of anticipated impacts, including both one-off and ongoing benefits and costs.

e: Please tell us if you think there are any other impacts, benefits or costs not covered above.

Slide 14

We suggest that you also describe the limitations of the cash basis for businesses (if you consider there are any).

**Question 1**

**a:** What level do you consider to be an appropriate turnover entry threshold?

**b:** For a threshold not linked to the VAT threshold, should it be reviewed annually in the light of inflation or less frequently (please state recommended interval)?

**Question 2**

**a:** If the entry threshold were to be increased, do you agree that the exit threshold should continue to be set at twice the entry threshold?

**b**: If the entry threshold were to be increased, do you agree that the UC threshold should continue to be set at twice the entry threshold?

Slide 15

**Question 3**: Do you agree with the proposed approach of following accounting periods? If not, what alternative approach would you support?

**Question 4**

**a:** Are there any other events or situations which would require additional rules?

**b:** Would it be helpful to make any changes to tax accounting periods for any other types of income?

Slide 16/17

**Question 5:** Are there other end of year adjustments not listed in paragraph 4.12 which could be simplified within a reduced reporting framework?

**Question 6:** Would you welcome the four relaxations proposed?

Slide 18

**Question 8**: Do you believe that simplifying the capital/revenue distinction as suggested in paragraphs 5.7 to 5.13 would simplify reporting for businesses within the cash basis?

**Cash basis for landlords**

Slide 19

**Question 7:** Would only recognising deposits that landlords are entitled to keep at the end of a tenancy create unnecessary complexity?

**Question 1:** Do you feel there should be a relevant maximum limit imposed for eligibility for the cash basis for unincorporated property businesses? If so, what should this limit be and why?

**Question 3:**  Would you want to opt in for each of their property businesses separately (for example, UK property business and overseas property business) or would they prefer to choose whether to opt in for all their property business income or none of it?

**Question 5:** Does a regime that allows for individuals letting jointly, not in partnership, to separately opt to report using the cash basis present particular difficulties or issues?

**Question 8:** Do you feel there is anything which has not been considered which could make the cash basis as simple as possible for landlords?

**Question 11:** If the government introduces a simpler tax system for unincorporated property businesses, please provide details of how this will affect your business. This should include details of both the expected one-off and ongoing benefits and costs of: a) Familiarisation with the new basis and updating your software or systems.

b) Not having to keep accruals accounts and prepare calculations in accordance with UK GAAP.

**Answered from a client standpoint**

**Voluntary pay as you go**

Slide 20/21

**Question 3:** Should there be a ‘period of grace’, and if so, what period would be appropriate to allow for separate payment of an amount becoming due?

**Question 4:** Do you have any general comments to make on the allocation of voluntary payments?

**Question 5:** Do you foresee any problems with HMRC’s intended approach to the allocation of voluntary payments?

**Question 7:** Do you agree with a restriction on repayment shortly before a liability becomes due, and if so, what period or terms of restriction do you think should be put in place?

**Question 8:** Do you have any views or evidence on whether, and how, HMRC should revisit the sums paid as payments on account to match more closely to the sums being reported under MTD?

**Question 9:** Do you have any views or suggestions on customers’ ability to elect for overpayments to be held as voluntary credits?

**Question 14:** Please tell us if you think there are any other costs or benefits not covered in the summary of impacts, including any detail you may have.

**Extra question:** Do you think that your clients will welcome the opportunity to pay their tax as the profits are earned?

**Tax administration**

Slide 22/23

**Compliance powers**

**Question 2.1:** Do you agree that compliance legislation should be amended to replicate current enquiry powers into the Self Assessment return to the End of Year declaration?

**Question 2.2:** Do you agree that current HMRC and customer safeguards should also be maintained?

**Question 2.4:** Do you agree with the proposed approach to replicate HMRC’s compliance powers for determinations, corrections, information powers and discovery assessments?

**Question 2.5:** Do you have any other comments on how compliance powers need to change to transition to MTD?

**Late submission penalties**

**Question 3.1:** Do you agree that 12 months is an appropriate length of time to allow customers to become familiar with the new obligations before the new penalty regime comes into effect?

**Question 3.2:** Do you agree that the period to wipe the slate clean should be 24 months? If not, what other period would be appropriate?

**Question 3.4:** At what stage for each of the different submission frequencies (monthly/quarterly/annual/one-off) should points generate a penalty?

**Question 3.6:** Do you agree that, in principle, a single points total that covers all of the customer’s submission obligations is the right approach?

**Question 3.9:** Do you agree that a fixed amount penalty is appropriate?

**Question 3.10:** Should the amount of fixed penalty reflect the size of a business?

**Question 3.11:** Do you agree that points should only become appealable when they have caused a penalty to be charged?

**Late payment penalties**

**Question 4.1:** Do you agree that 14 days is an appropriate length of time to allow customers to either pay in full, or make arrangements to do so before penalty interest is charged?

**Question 4.2:** Do you think that charging penalty interest is the right sanction for noncompliance with payment obligations?

**Interest on late payments**

**Question 5.1:** Should the current interest rules for Income Tax and Class 4 National Insurance contributions continue to apply in MTD?

**Question 5.2:** Do you have any initial comments about aligning interest rules across taxes?

**Question 6.1:** Please provide details of how you think the proposed administrative changes will affect you **and your clients**, including details of any one-off and ongoing costs or savings.

**Better use of information**

Slide 24

**Question 3.** If you are concerned over privacy impacts of HMRC’s plans for improving how we use third party information we already receive, do you have any suggestions for how these concerns could be resolved?

**Question 7**: Do you think there are any additional safeguards we should consider in relation to the protection and use of third party information by HMRC?

Slide 25

**Question 4:** If a third party information provider is aware of how the ownership of a joint asset is split, do you think the third party provider should inform HMRC?

**Question 8**: Do you agree with the principles we have set out for how information queries should be resolved? What are your expectations for how this would work in practice?

**Question 13:** What new sources of third party information would most enhance the customer experience and best contribute to the aim of ending the tax return for all?

**Additional question**: Please comment on the potential impact of reporting dividends paid on a regular basis in the future. If the interval was more frequently than annually, what would be a reasonable interval?