**Response to consultation document “Bringing business tax into the digital age”**

Responses should be sent by 7 November 2016

by e-mail to: makingtaxdigital.consultations@hmrc.gsi.gov.uk

or by post to:

HM Revenue and Customs

Making Tax Digital for Business Policy Team

Room 3C/12

100 Parliament Street

London SW1A 2BQ

**From:**

**Date:**

**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?

**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 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?

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

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

**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?

**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?

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

**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?

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

**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?

**About us**

**Size of your firm** (partners and staff)

**Number of business** **clients** Self employed / Landlords / Limited companies

**Any particular trade specialisms**

**Any other information you would like to supply**