



# ***MTDtalk February 2022***

**ANITA MONTEITH AND CAROLINE MISKIN**

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## ***Presenters***



Today's speaker  
Anita Monteith  
Technical Lead  
ICAEW Tax Faculty



Today's speaker  
Caroline Miskin  
Practitioner Tax Manager  
ICAEW Tax Faculty

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## ***Topics for today***

Building on [30 November 2021 webinar and Q&A](#)

- MTD VAT from April 2022
- MTD VAT penalties deferred to January 2023
- MTD ITSA pilot
- Income from property
- Amendments

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## ***MTD VAT***

- Remaining VAT traders to join from April 2022 (0.9m)  
*(first VAT period starting on or after 1 April 2022)*
- Apply for digital exclusion exemption now  
<https://www.gov.uk/guidance/apply-for-an-exemption-from-making-tax-digital-for-vat>
- Considering deregistration? Think carefully  
April 2021 TAXline [How to avoid the pitfalls of VAT deregistration](#)
- Research on functional vs bridging software
- No soft landing for digital links

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## ***Signing up to MTD VAT***

- Sign up at the right time
- If the business pays its VAT by direct debit, it should sign up:
  - at least seven days before the first MTD return is due; but
  - at least five days after the last non-MTD return is due and filed.
  - signing up too close to the date the return is due can result in duplicate payments being collected.
- If the business does not pay by direct debit, it should sign up at least three days before the first MTD VAT return is due.

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## ***MTD VAT Penalties***

- New points based system deferred to January 2023  
*ICAEW webinar in autumn 2022*
- Current rules explained on [MTD for VAT penalties](#)
  - Default surcharge remains until the end of 2022
- For already mandated traders HMRC considering using
  - filing method penalty and
  - expanding trial of closing the VAT portal

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## ***MTD ITSA pilot***

- Currently sign up is only via software developers
- Only 9 businesses in the pilot
- HMRC expected to publish pilot expansion plan imminently
- Expanded criteria and software options from April 2022?

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## ***Property***

- Much of the design uncertainty relates to property income
- Jointly held property
  - HMRC expects each individual to report their share of income and expenses
  - how will that work if individual has different holdings in different shares, different software, different management?
- Furnished holiday lettings – guess whether will qualify and amend later?
- How you work out the £10k threshold
  - Individual shares of property and self-employment income
  - Likely to be a figure that HMRC can derive from the tax return

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## ***Updates, Amendments and EOPs***

- Lack of clarity on how these fit together
- Amendments/corrections will be possible
- Separate process for tax and accounting adjustments and claiming reliefs
- Updates plus adjustments must equal final self-employment/property figures
- EOPs is confirmation of those figures as played back by HMRC plus declaration
- Final declaration
- Non-tax year accounting? Bridging products? We will revert!

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## ***What can be done now?***

- It's all about digital records
- Accelerate self assessment process for self-employment and property income

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## ***Coming up***

- [Basis Period Reform](#) Thursday 17 February
- [MTDtalk](#) Tuesday 15 March
- MTD Tech Fair Wednesday 18 May

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