



Breakfast Briefing:  
Friday 24<sup>th</sup> March 2017 at Aldwickbury Park Golf  
Club.

With guest speaker: James Brunton from Prosper

# Housekeeping

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- ▶ Please turn mobiles to silent.
- ▶ A PDF version of the slides will be sent to all attendees.
- ▶ Please complete and hand-in feedback form.
- ▶ Q&A at end.

# Introduction



- ▶ **Speaker:**

**Chris Wallace ACMA.**

Chartered Management Accountant and MD of  
Visionary Accountants.

- ▶ **Visionary Accountants:**

Established in St Albans since 2008 to provide  
management information, tax and accountancy  
services to small and medium sized businesses.

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# Making Tax Digital (MTD)

## What is MTD?

“The implementation of a fully digital tax system.”

- Digital accounts for record keeping
- Online business & personal tax management
- Real-time HMRC tax assessment and collection
- The end of the year-end tax return
- Quarterly reporting to HMRC as a minimum

# Making Tax Digital (MTD)

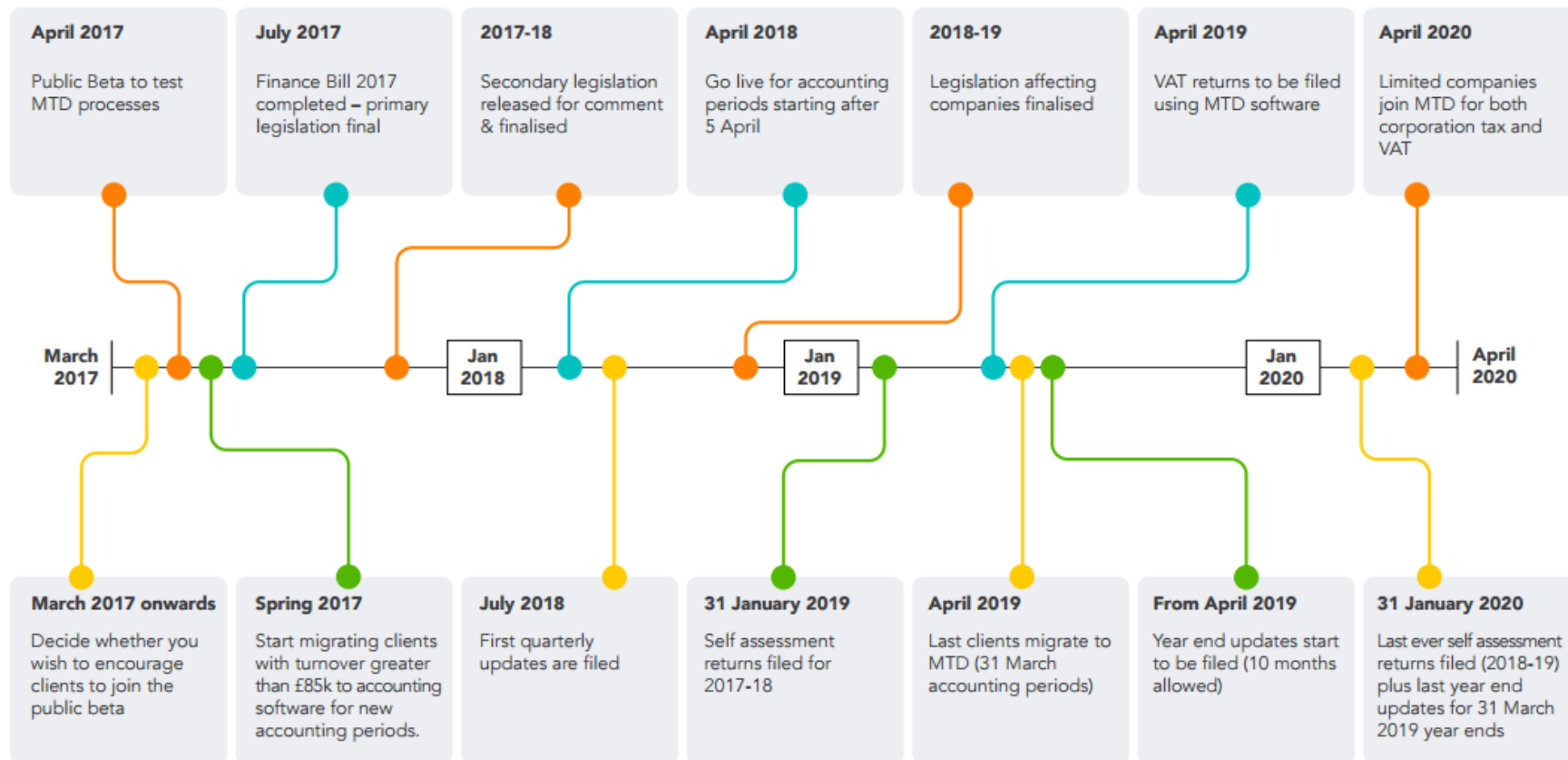
## Who is affected?

“Ultimately everyone!”

WHEN?	WHAT / WHO?	HOW?
July to December 2017	Digital tax accounts show taxpayers an overview of their tax liabilities in one place	HMRC Government Gateway Portal
July to December 2018	Quarterly reporting for Businesses, self-employed people & landlords. Income Tax & NIC obligations.	If turnover above VAT threshold (£85,000 – 2017/18) then quarterly digital Tax & NIC assessment from accounting software to HMRC via on-line digital account.
2019	Quarterly reporting for Businesses, self-employed people & landlords. Income Tax & NIC obligations.  MTD starts for VAT figures and returns.	If turnover between minimum threshold (£10,000) and VAT threshold (£85,000 – 2017/18) then quarterly digital Tax & NIC assessment from accounting software to HMRC via on-line digital account.  VAT accounts linked to digital tax account.
2020	Most Businesses, self-employed people & landlords start updating HMRC quarterly for Corporation Tax.	Quarterly digital Corporation Tax assessment from accounting software to HMRC via on-line digital account.

# Making Tax Digital (MTD)

## Making Tax Digital timeline 2017-2020





# Making Tax Digital (MTD)

## Are there benefits to MTD?

“MTD is a key part of the government’s plans to make it easier for individuals and businesses to get their tax right and keep on top of their affairs...”





# Making Tax Digital (MTD)

## Are there drawbacks to MTD? (1)

“How is it better to have to produce accounts and calculate tax four times a year instead of once?”



Big brother – all your data linked up.



Security – sensitive data linked to individuals in HMRC's hands.



Technology software – HMRC not providing tools & providers not ready.



Are smaller business people ready?  
Paradigm shift.



Government track record – IT project delivery not a forte.



HMRC call us 'customers' – discuss.

# Making Tax Digital (MTD)

## Are there drawbacks to MTD? (2)

“It will be impossible to run your business because you will always be reporting to HMRC”

The end of annual tax returns – instead quarterly!



Advice from tax advisers or DIY with HMRC?



Acceleration of tax collection – mistakes & seasonality.



What are fines going to look like?



Unrealistic timeframe for compliance.

# Making Tax Digital (MTD)

## What do I need to do?

“MTD represents the single most significant change to the UK’s system of taxation in recent times...”

- Keep digital accounting records in line with HMRC reporting headings.
- Update HMRC quarterly with income & expenses via an MTD compliant software.

Software,  
software,  
software.



- Organise your records in a compliant format asap.
- Assess software solutions with your accountant and software providers.
- Access your digital account and know your compliance deadline.

Fail to plan and  
plan to fail.



- Work ‘in year’ with your accountant using an agreed software solution.
- Review allowable expenses and adjustments on a monthly basis.
- Review your YE adjustments & capital allowances.

Accountants are  
dead... long live  
accountants.



# Introduction



## ► Speaker:

James Brunton, Technical Director of Prosper

## ► Prosper:

Founded in September 2015, based in St Albans. Providing effective Practice Management software for accountants and their clients.





# Dawn of the Digital Accounting Era Part 1: Making Tax Digital



# Making Tax Digital—Challenges



# Making Tax Digital—Challenges

In numbers:

- 18% of self employed are not digitally enabled
- 38% of self employed require help with the digital world
- 75% of businesses do not maintain their accounts electronically
- 1.4 million small businesses have no digital skills
- FSB has estimated circa £2,770 p.a. spend required on additional services and software to comply with quarterly reporting





# Making Tax Digital—Challenges

Further challenges include:

- Many taxpayers are unaware this is coming down the track and not confident in engaging digitally
- There are concerns around data integrity
- The challenge of digital adoption for agents and clients
- Relative high cost to adopt software
- Uncertainty over the future of agent service and client expectations
- Aggressive timelines to meet the delivery dates



# Making Tax Digital—Opportunities



# Making Tax Digital—Opportunities

- Quarterly reporting is flexible, agents can better manage tax affairs
- Digital Agent authorisation simplified and speeds up the process of onboarding
- Continuous tax and business planning throughout the year resulting in healthier performing businesses
- Simplified tax process for the client giving them more time to run the business



# Making Tax Digital—Strategies



# Making Tax Digital—Strategies

- Gain a good understanding of what stimulus your client responds to and adopt a technology to help target that stimulus
- Bring clients into the digital fold in tranches
- Adopt cloud technology into your business, this can provide:
  - Regular updates in real time on mission critical services
  - Allow a centralised place for client/agent collaboration
  - Automated workflows for the agent *and the client* that are easy to follow
  - Centralised and holistic scheduling tools that allow you to manage quarterly reporting effectively
  - Communication, communication, communication!



# Making Tax Digital–Summary



# Making Tax Digital–Summary

- There is a challenge for all accountancy practices to get prepared and ready for MTD – 2018 (Q2/3) is the first milestone
- Digital tax reporting will provide a challenge with clients and agents who are unfamiliar with the digital world
- Adopting a simplified digital platform that both the client and agent can use is key
- Adopting a transitional approach to adopting a digital platform and embed simplified processes ensures a smooth ramp-up and adoption
- There are fantastic opportunities to nurture and build more efficient accountancy practices and services and, ultimately, world-class businesses that are control of their financial future



# Prosper

Effective Practice Management

# “Rewarding your efforts.”

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Thank you for coming!

