

## Benefits of Cloud Based Solutions

Cloud accounting solutions offer you and your business a vast number of benefits in addition to enabling you to be MTDfB compliant. The benefits of using a cloud based solution include:

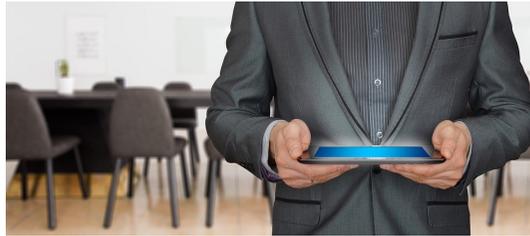
- ◆ 24/7 access, wherever you have an internet connection
- ◆ Dashboard showing an up-to-date summary of your financial position
- ◆ Saving a significant amount of time once set up by using automatic bank feeds to reduce manual data entry.
- ◆ Your sensitive financial data is always secure and backed up automatically
- ◆ No system downtime because all software upgrades are automatically installed
- ◆ No large upfront fees, but instead a small monthly subscription cost
- ◆ You can share your up-to-date financial data with your accountant as you can both log in at the same time.

### Our Cloud Accounting service

We are partnered with QuickBooks Online, Xero and Sage One cloud based accounting solutions. We have certified advisors on all three platforms who can help you find the best solution for your business.

We will work with you to understand how you manage your business. This will enable our team to identify the right platform for you and the apps that will work best for you. Working closely with you we can assist with changes as your business grows or your needs change.

Our packages include options not only to set up the solution but to show you how to use the system so you feel comfortable with the software and use it to its full advantage.



Contact us for expert help with preparing for MTDfB and to find out more about cloud accounting. Our approach includes:

- ◆ Understanding your accounting and financial reporting needs
- ◆ Helping you identify the right accounting system for your business
- ◆ Setting up your new system or tailoring your existing system
- ◆ Helping you prepare in good time to meet your MTDfB obligations



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## Making Tax Digital for Business



## Cloud Accounting solutions



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## VAT registered businesses enter MTDfB first

Making Tax Digital for Business (MTDfB) will start with the VAT regime. Businesses whose turnover is above the VAT threshold – currently £85,000 – are going to enter the MTDfB regime first. This will happen in April 2019, when the new rules will apply.

Primary legislation is in place to give HMRC powers to require records to be kept digitally and specify the form they are to be kept and preserved in. However, there may be changes to some of the detail.

### Income tax

As regards income tax, the government has said that keeping digital records and providing quarterly updates will not become *mandatory* before at least April 2020 – although it will be possible to start using the MTDfB regime *voluntarily* earlier than this.

### Going digital: who and when

What the proposals mean in practice is that businesses operating above the VAT threshold will have to use a form of digital record keeping, and have to submit VAT return information to HMRC via MTDfB compatible software.

The requirements will remain in place even if such businesses subsequently fall below the VAT threshold, ceasing only on deregistration.

Digital record keeping will be mandatory from 1 April 2019, and submission of VAT returns becomes digital for return periods starting on or after 1 April 2019. For now at least, there is to be no change to the VAT return or payment dates.

Any business operating below the VAT threshold, which has registered voluntarily for VAT, will also be allowed to use MTDfB for VAT, but will not yet be mandated to do so.



## MTDfB software

Under the new MTDfB rules, businesses will have to use 'functional compatible software'. This means a 'software program or set of compatible software programs which can connect to HMRC systems via an Application Programming Interface (API)'. This must be capable of:

- ◆ keeping records in digital form as specified by the new rules
- ◆ preserving digital records in digital form
- ◆ creating a VAT return from the digital records held in compatible software and submitting this data to HMRC digitally
- ◆ providing HMRC with VAT data on a voluntary basis
- ◆ receiving, via the API platform, information from HMRC to ascertain compliance. It is as yet unclear what this means, but it may relate to HMRC's ability to send compliance prompts.



## Use of spreadsheets

Many businesses currently use spreadsheets as part of their VAT records. There is no reference to spreadsheets in the proposals, and it is likely that business using spreadsheets will need add-on submission software to comply with the MTDfB requirements.

Spreadsheets could be used for book keeping and record keeping, but businesses would have to ensure that these met all of the MTDfB requirements, including the ability automatically to send digital updates to HMRC. This, HMRC has said, 'is likely to involve combining spreadsheets with another software product.'

### Recommended solution—Cloud Accounting

Spreadsheets are not the complete solution as additional software will be required to enable digital filing. We recommend a system that not only meets the MTDfB submission requirements but provides wider benefits to your business. Cloud based accounting software provides many benefits over traditional desktop systems, spreadsheet systems and paper based systems.

There are a number of cloud based accounting systems, which together with add-on applications (Apps) will not only help you comply with MTDfB but enable you to process information more quickly, see at any time an up to date summary of your business's financial performance and plan ahead.

These cloud based solutions enable you to manage your business from anywhere. They can be accessed via a smartphone, tablet or PC connected to the internet. Data entry can be by scanning in documents, direct feeds from your bank and manual input.

Standard reports are included and tailored reports can be created to enable reporting of historical data (to help calculate your tax liabilities) and to prepare forecasts so you can plan ahead and identify potential tax liabilities.