

**Making Tax Digital: Bringing business tax into the digital age
Response by the Chartered Institute of Taxation**

1 Introduction

- 1.1 The Chartered Institute of Taxation (CIOT) is pleased to set out its comments in response to the consultation (conduc) *Making Tax Digital: Bringing business tax into the digital age*.
- 1.2 Our response to this consultation document should be read in conjunction with our responses to the other condocs on Making Tax Digital.
- 1.3 As an educational charity, our primary purpose is to promote education in taxation. One of the key aims of the CIOT is to work for a better, more efficient, tax system for all affected by it – taxpayers, their advisers and the authorities. Our comments and recommendations on tax issues are made solely in order to achieve this aim; we are a non-party-political organisation.
- 1.4 We conducted a survey of CIOT and ATT members on Making Tax Digital during September 2016. We received some 1,082 responses, and we refer to the results of the survey throughout this response document. Over 90% (965) of respondents work in accountancy practices, and 61% (647) of respondents were members in small practices, including sole traders, with 22% (234) of responses from members in medium sized practices. Amongst the others, there were 36 responses from members in commerce and industry, and 5 responses from members in HMRC. Summary results from relevant questions are included in Appendix One. Detailed responses from relevant questions are included in Appendix Two. Members were also able to supply other comments on MTD, which are included in Appendix Three.
- 1.5 Our responses to this consultation focus mainly on smaller businesses. This is because a further consultation is expected in relation to the incorporated sector and

more complex businesses.¹ However, we have some significant concerns over the impact of MTD on larger businesses, and we include some of these concerns in this response.

2 Key messages from the CIOT about Making Tax Digital

- 2.1 Whilst MTD will bring benefits to HMRC, the likely impact on most businesses and taxpayers will be an increased workload and / or increased costs. It is not at all clear that there will be commercial benefits to offset such costs, particularly for smaller businesses.
- 2.2 The timetable for mandation of MTD is far too optimistic and must be pushed back. The proposed deferral of MTD for certain small businesses over the proposed exemption threshold is insufficient. Effective software is not yet available and fully tested, so the substantial number of businesses that currently do not use software will inevitably have difficulties both selecting the appropriate software and getting to grips with its functionality. Businesses that currently do use software will be prejudiced if their provider cannot keep up with the demanding timescales.
- 2.3 Deferral of MTD will allow a smoother and more effective transition. The continued widespread use of spreadsheets, and an upload facility onto an HMRC portal, will assist businesses get used to updating HMRC more regularly, in a more digitised fashion, whilst ensuring that transition time and costs can be better managed.
- 2.4 The thresholds for mandation need to be increased. The £10,000 threshold for exemption is far too low. It could place the obligation on non-taxpayers and landlords with a single buy-to-let residential property.
- 2.5 That said, the case for mandating larger businesses into MTD has not been made out. These businesses are already likely to have comprehensive record-keeping systems, already in a digital format, and many corporates will be subject to independent external audit. Mandation of a particular method of digital record keeping, and quarterly reporting, will create significant administrative costs and burdens. The figures being submitted quarterly would still need to be adjusted at the end of the year for tax purposes, and the submission of unadjusted figures will be of little or no benefit to HMRC or to the business.
- 2.6 Real simplification of the tax system, particularly for small businesses, will help MTD work. For example, a simple income-minus-business expenses model would be easier for taxpayers to understand and report. The simplification proposed is inadequate and potentially detrimental to taxpayers. In any event, simplification should take place BEFORE introducing mandatory digital record keeping and reporting.
- 2.7 Agents will be an integral part of MTD, yet the consultations are worrying devoid of much mention of agents, and seemingly imply that businesses will wish to 'do it themselves'. Agent access and functionality needs to keep progress with taxpayer access, and consideration needs to be given to the different types of agent and the various functions that they carry out.

¹ Paragraph 1.12 of the condoc.

- 2.8 In any event, communication of MTD, direct to businesses and individuals, is vital. There is much work to be done to educate and inform the public about these very significant proposals, and how they change the interaction they will have with HMRC. In our view, HMRC will need to step-up its promotion of MTD. Digital communications such as YouTube and Twitter will not reach businesses that currently do not use digital tools. Traditional mechanisms such as television, radio and newsprint should be considered.

3 Executive summary

- 3.1 We are concerned that free software will be a poor relation to paid software. HMRC will need to work closely with the software companies to ensure that free software has sufficient functionality, as well as comprehensive prompts and nudges, for it to be a viable choice for small businesses.
- 3.2 Evidence to date indicates, for example, that free apps do not cater for even the simplest sole trade. One recently released app cannot cope with both cash and bank payments, let alone by credit card, invoicing or disallowable expenses as it ignores basic double entry bookkeeping principles.
- 3.3 HMRC should provide clear guidance and / or an online tool to help businesses (and their agents) choose the right software for their circumstances. This is not a responsibility that HMRC can shun.
- 3.4 Our survey indicates that members believe digital record keeping will not reduce errors by their clients, with around 40% of respondents believing that errors will, in fact, increase.
- 3.5 The continued use of spreadsheets by businesses, particularly in the areas of VAT and partnerships, is vital (at least until a viable alternative is developed and tested). HMRC need to incorporate spreadsheets into their MTD plans.
- 3.6 HMRC need to be given more control over what is published on GOV.UK. Businesses will need prompts and nudges taking them to guidance, but HMRC appears to have insufficient influence over what is published on GOV.UK, when, and in what format.
- 3.7 Whilst MTD has the potential to benefit simple partnerships, it will create complexities and misleading information for others. We note that further consultation on partnerships will take place early next year, but we would caution against early introduction of MTD for partnerships until these complexities have been fully identified and resolved.
- 3.8 We are concerned that the proposed implementation date for VAT is too ambitious for the following additional reasons. First, it is likely to coincide with the UK's exit from the EU, which could involve significant changes to the UK VAT system, particularly for international transactions. Secondly, only 12% of businesses currently use software to file their VAT returns. This is because of the myriad of adjustments which might be needed to the underlying data, which software companies have yet to accommodate, and the case for automating these adjustments has not been made.

- 3.9 We would not recommend introducing additional VAT related information into the VAT return / quarterly update process until firstly MTD has been given time to bed in, and secondly until the cost *versus* benefits of providing that information has been considered.
- 3.10 Businesses should transition in to MTD on the first day after their first accounting date that follows the date of mandate (Option 1). This is by far the simplest means of identifying the start date, which will be the easiest for businesses to understand, and the least costly. In fact, this could be an ideal opportunity to change the tax year so that it runs 1 April to 31 March, eliminating once and for all the complexity of a mid-month tax year end.
- 3.11 We do not agree that the deadline for the End of Year (EOY) declaration should be nine months after the end of the accounting period. This is because many business owners will not have finalised their other income and expenditure for the tax year in which those profits would be taxed. We suggest that the deadline for the EOY declaration for MTD data should be after the end of the tax year in which the profits of the accounting period will be taxed, such as 30 November or the existing 31 January deadline.
- 3.12 We think the deadline of 31 January after the tax year, for submission of the SA return or its online replacement through the digital account should be retained. For complex clients, in particular those with income from abroad based on a calendar year, it tends to be impossible to get even an estimate of figures before that.
- 3.13 When considering exemptions from MTD, regard should be given to the reasons for mandating digital record keeping and quarterly reporting ie reducing the tax gap. If organisations are non-taxpaying (eg because they are charities or local authorities etc) then they should not be mandated into the regime.
- 3.14 If MTD is not unilaterally deferred, we agree that the smallest unincorporated businesses should have an extra year before being mandated. On balance, we believe that this deferral should apply for all unincorporated businesses and landlords with annual income below the VAT registration threshold (currently £83,000).

4 Chapter 2. Acquiring Digital Tools

- 4.1 **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?**
- 4.2 This question is in two parts. We will address each part separately.
- 4.3 **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?**
- 4.4 We believe there are three main challenges:
1. Behavioural challenges
 2. Financial challenges (ie cost)

3. Compliance challenges

4.5 Behavioural challenges

4.6 MTD requires those businesses that currently keep records on paper or simple spreadsheets (some of which will be very basic indeed) to make a substantial behavioural change – both in terms of the way in which they keep their records, and in the frequency that they interact with HMRC and / or their agent.

4.7 Some of these businesses will find it extremely difficult to sufficiently adapt within the timeframe proposed. Whilst exemptions will be available to some of these businesses, many will have to adopt digital record keeping either against their will, or via a steep learning curve.

4.8 We are concerned that many of these businesses will not be able to afford to appoint an agent to help them. HMRC will have to provide these businesses with a great deal of help in order for them to successfully transition to digital record keeping and maintain accurate digital records going forward. The success of this depends on a number of things (and HMRC have a significant part to play) including:

- Communication – many taxpayers who will be affected by MTD have no idea it's coming. HMRC will need to use mainstream communication to provide information on what's happening, when, and where they can get help.
- Training – many taxpayers do not have the IT confidence or capability to keep digital records. Those people will need help in finding training, and appropriate digital products.
- Security – many individuals do not 'trust' the internet, or doing things online. HMRC and the software companies will need to convince individuals that their data is safe and secure, as well as explaining what procedures and compensation are in place if their data is compromised.
- Ease of use – if digital record keeping is seen to be easier and less intensive than manual record keeping / spreadsheets, then businesses will be keen to make that transition. To date, this evidence is sparse.

4.9 In our survey we asked members if they thought that MTD would place an additional burden on their clients. Over 95% thought that it would².

4.10 Paragraph 2.5 of the consultation document recognises that the decision to mandate digital record keeping is a very significant change. HMRC estimate that while around 92% of those running a small business have access to the internet and are using digital tools in their personal lives, a smaller percentage are using them routinely for their business. Using computers or smart phones for simple functions such as email, searching the internet, and even online banking, are a far cry from keeping digital accounting records using accounting software. Also, will all the 8% who do not have access to the internet, and who are not using digital tools in their personal lives, be exempted from the regime?

4.11 In our survey, we asked members what proportion of their clients will need to move from paper to digital records. Over 58% of those who responded said that more

² See appendix one for more details.

than 50% of their clients fell into this category with only 9.7% saying less than 25% of their clients would need to move from paper records³.

- 4.12 We went on to ask members approximately what proportion of these clients would need help with moving to digital record keeping. More than half said they thought that over 75% of their clients would need help with the transition.⁴
- 4.13 68% of members also considered that over 75% of their clients would need help with their ongoing MTD obligations, including filing their quarterly updates and completing their 'End of Year' activity.⁵ We then asked what would make it easier for their clients to comply with their obligations under MTD. The responses are reproduced in full in appendix two.
- 4.14 This emphasises the key role that agents will have to play in helping taxpayers comply with their new obligations under MTD. They will need time to do this properly, potentially 'hand holding' clients in the early stages, if the client decides to attempt to keep the digital records themselves.
- 4.15 Financial challenges
- 4.16 There will undoubtedly be financial costs to businesses of moving over to digital records but these will vary between businesses. This makes it very difficult to give an overall assessment since each business is different, but we would expect the main costs will be:
1. Purchase of MTD compatible software (unless suitable free software is available);
 2. Purchase of hardware – smartphones, tablet computers, laptops, PCs etc (unless suitable hardware is already owned by the business/owner);
 3. Access to the internet, with fast broadband (unless already in place) – many modern accounting packages are cloud based requiring constant fast broadband;
 4. Training costs (to train the proprietor and staff, where applicable, in using hardware and/or software, unless appropriate training can be obtained free of charge from software providers and/or HMRC);
 5. Agent costs (if the business decides to appoint an agent for the first time - to assist it with its MTD obligations);
 6. Increased agent costs (if the business decides to use an existing agent to assist it with its new quarterly filing obligations).
- 4.17 There is evidence emerging that the costs to business will be very significant. A recent article in Accountancy Age⁶, for example, has estimated that the cost to industry of quarterly tax updates will be billions of pounds.
- 4.18 On top of the financial costs, there will be time costs to business in familiarising themselves with the new digital record keeping obligations and in researching, and then acquiring / engaging, the most appropriate software / hardware / training /

³ See appendix one for more details.

⁴ See appendix one for more details.

⁵ See appendix one for more details.

⁶ [MTD a 'multi-billion pound cost' to SMEs, warns senior practitioner](#) Graham Lamont, chief executive of Cumbrian-based Lamont Pridmore, a multi-award winning practice, has estimated that small businesses each face a £1,250 bill to transition towards MTD.

agent etc for their business. It is very difficult to quantify what these costs could be per business.

4.19 Compliance challenges

4.20 A further challenge for these businesses will be to remain compliant with their tax obligations as they move from paper or simple spreadsheet records to digital record keeping. It would be unfortunate, both for the businesses themselves and for the tax system as a whole, if previously fully compliant businesses became non-compliant as a result of the changes being imposed on them by MTD.

4.21 Indeed, the evidence from our survey indicates that business errors may increase rather than decrease as a result of MTD. This is explored further in Chapter 3.

4.22 Availability of suitable software will be important. Taking a photo of a receipt on a smart phone and linking it to financial records is extremely attractive, as storage space can be expensive. However, it will be crucial that HMRC does not endorse or effectively advertise software that cannot cope with the basics of many simple businesses; anything other than double entry bookkeeping will often fail. Making apps look simple with single entry bookkeeping, an inability to differentiate between revenue and capital, and inappropriate character recognition will lead to more problems, particularly non-compliance, in the future.

4.23 **What further measures or support would help businesses to meet these challenges?**

4.24 The availability and quality of free software is a key component to making MTD work. A great deal depends upon how successful HMRC are in encouraging the software industry to provide products of a good standard. These may need to be free for those on low income, but to achieve a reasonable quality others may need to pay. For further discussion of free software see our response to Question 3.

4.25 We welcome the news that HMRC are 'currently exploring with specialists the role of spreadsheets in business record keeping and their ability to meet the requirements and benefits of MTD-compatible software' (paragraph 2.12). A substantial number of members report that they and their clients use spreadsheets to record, analyse and summarise accounting and tax data and are particularly concerned that this facility should remain an option in the MTD regime. Furthermore, it should be stressed that spreadsheet use is not confined to small businesses. Many large partnerships and companies also use spreadsheets, in many cases because suitable commercial software is not available.

4.26 For VAT registered businesses in particular, spreadsheets are commonly used to calculate partial exemption standard and special methods, capital goods scheme adjustments, business / non-business and private use adjustments and flat rate and margin schemes. We have repeatedly been told that both small and larger businesses currently using well established software find that it is not capable of dealing with these calculations and there is widespread scepticism and concern that newly developed software will not be able to deal with these types of analyses and calculations sufficiently accurately and in time for the April 2019 VAT deadline.

4.27 Numerous members have also requested the ability to input the summary figures from spreadsheets into online updates and returns along with a comments box in which to add explanatory text.

- 4.28 It would be very useful if a way can be found to integrate spreadsheets into MTD compatible software. This would ease the transition to MTD for many businesses. We would urge HMRC to provide clarity as soon as possible on whether spreadsheets will be permitted as digital tools so that businesses and their agents can begin to make appropriate plans for MTD.
- 4.29 We also think that taxpayers' agents (if they have one) should be able to maintain taxpayers' digital records on their behalf. It is also likely to be the most efficient method for many whose time is better spent on winning or fulfilling work. We believe that this may be the only way that some businesses will be able to comply given the current MTD demands and timeframe (indeed at all). It would be useful if HMRC could make a public statement to this effect as soon as possible to put many clients' minds at rest.
- 4.30 In our recent survey we asked members if they thought that HMRC should allow advisers to keep digital records as well as file quarterly reports on behalf of clients. 91.9% agreed that they should be permitted to do this.⁷
- 4.31 **Question 2: What information and guidance would you find helpful in choosing the appropriate software for your business?**
- 4.32 First of all, we note that this (and other questions) ask about the impact on 'your business', yet the vast majority of businesses will be completely unaware of these consultations because HMRC has not publicised MTD in a way which gets business' attention.
- 4.33 We have set out our views on what we consider businesses will find helpful, based on experience of members that deal with clients on a regular basis, but we would recommend that HMRC takes additional time to ensure that feedback is obtained from a large number and variety of businesses themselves.
- 4.34 The Government is removing from businesses the choice of how to keep their accounting records, by virtue of the mandate of digital record keeping. It is our view that the Government therefore has an obligation to inform businesses what software is available, ensuring that MTD does not proceed until a suitable range is available. This is not a case of making a voluntary choice, it is a requirement imposed upon them, and businesses will need help in order to make the right choice of software. Businesses are likely to seek advice from their agents to determine the software most suitable for their business, but unrepresented taxpayers may need additional help.
- 4.35 HMRC should produce a list of available software products and apps, recognising that businesses will need assistance to choose the most suitable product for their own circumstances and make it as easy as possible for them to decide (either for themselves or in conjunction with their agent) which product to choose. This is not currently the case with software lists provided on GOV.UK⁸, which tend just to be a list of names in alphabetical order with links to the websites of the software companies. It is left to the taxpayer to research each product and decide which one is best for them. In our view, HMRC need to do more than this if MTD is to work

⁷ See appendix one for more details.

⁸ <https://www.gov.uk/software-tax-returns>

effectively. So that HMRC could include information in a comparison chart, it would be helpful if each software company provided HMRC with the following, such as:

- Type of package (eg full accounting package or merely a list of payments)
- Cost of different modules
- Type of business the software is suitable for
- Functionality (eg can it cope with cash and accruals basis and switching between them, payments made in different ways from cash, bank, credit card to 'on account', capital/revenue divide, VAT registered businesses, international transactions etc)
- Extent of prompts and nudges
- Nature of data capture (photographing receipts and if optical character recognition v manual input), and so on

- 4.36 This information could be displayed on GOV.UK in a variety of ways. A tabular format could be used indicating perhaps by way of 'ticks' which product provides which functionality and features.
- 4.37 Alternatively, an online tool might work whereby the taxpayer is asked a number of questions about their business and, depending on their answers, is then directed to certain products that are suitable for their business.
- 4.38 Current lists on GOV.UK also come with a warning that: 'HMRC *can't recommend one software product or service over another and isn't responsible for any problems you have with software that you've bought*'. Such a disclaimer is unhelpful for MTD compatible software. If HMRC cannot provide this advice then it needs to point people in the direction of where they can get this advice – potentially with the government providing a voucher to get helpful guidance in order that businesses can make the appropriate choice.
- 4.39 Businesses will need further protection if the software they have chosen treats a transaction incorrectly for tax purposes (ie it is a software error, not a taxpayer error). Our early testing of one of the new packages noticed that it cannot identify capital items, meaning the likely over claiming of 'expenses'. Taxpayers using such software should either receive warnings or not face penalties if and when their submissions are wrong. Guidance may need, for example, to identify when the software was last updated, and explain what will happen in cases of software error.
- 4.40 In addition, a business will want to have reassurance about the security of the software, given that large amounts of data (including personal data) will be sent by the software to HMRC on a regular basis.
- 4.41 Advice on cyber security and best practice should be available to both agents and their clients alongside both the paid-for and free software. From an agent perspective cyber security will be a key issue to protect their own practices and client data.
- 4.42 **Question 3: What types of business should a free software product cater for? What functionality would be necessary in a free software product?**
- 4.43 This question is in two parts. We will address each part separately.

What types of business should a free software product cater for?

- 4.44 Free software should be provided for the simplest businesses, and perhaps limited to those on low incomes, particularly those who currently do not use any accounting software. These are the ones less likely to be able afford the cost of software or to need (or be able to cope with) a sophisticated product.
- 4.45 Since HMRC will not be providing its own free software product, a great reliance is being placed on software developers to deliver satisfactory products that will cater for the small end of the market, and we are unaware of the content of those discussions. Will the answers given to these questions have any influence on what the software industry ultimately decide? We repeat our offer to assist HMRC and software developers in this area.

What functionality would be necessary in a free software product?

- 4.46 The functionality of the free products should be sufficient to handle the business's minimum compliance obligations – quarterly reporting, end of year updating, as well as in year or end of year adjustments and different accounting bases.
- 4.47 It should provide adequate 'prompts and nudges' to help users avoid making errors – indeed the level of prompts and nudges in free software may need to be greater than in more bespoke software, on the basis that users of free software are likely to be taxpayers rather than agents.
- 4.48 We would recommend, however, that *at a minimum* the free software should be able to cater for:
- payments in different formats (cash, bank and credit card);
 - multiple items in one transaction;
 - revenue and capital expenditure (some packages only deal with revenue expenditure, which is an invitation to make errors);
 - receipts in cash, bank and credit card (even small stalls take payments on credit card, using a small reader attached to a smart phone);
 - payments by or to the owner (some packages have no facility to record drawings)
 - private use adjustments
 - bank reconciliations
 - P&L and balance sheet
 - Property income and expenditure and summary annual statement – landlords will be required to keep digital records even if it is their only source of MTD income (eg they are employed, but have a buy to let).
 - A defined basis of accounting (eg cash basis or accruals basis)
 - Data transfer to other software products, free of charge.
 - Agents – full access, so can export to their own package so they have the ability to input and edit data, and make the quarterly and end of year submissions.
 - scanning of purchase and sales invoices – not vital, but would be of great assistance.
- 4.49 We have excluded VAT registered business from this list, although we recognise that very straight-forward businesses (self employed consultants, builders etc) might be VAT registered, and so would benefit from VAT functionality in free software.

- 4.50 Free software produced by software developers may well lack the capability, functionality and support of paid-for software, which would therefore make it not appropriate for any but the smallest simplest businesses. Businesses using free products may find themselves at a disadvantage since free products may be of poorer quality than paid-for products.
- 4.51 There should be some way that the Government can ensure that free products will be available indefinitely to businesses that want them, otherwise what is there to prevent software companies withdrawing them?
- 4.52 **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?**
- 4.53 In our recent survey we asked members what sort of financial support it might be reasonable for the government to provide.⁹ Just over half thought that tax free incentives paid directly to businesses meeting their MTD obligations might be reasonable, with many referring to this being done successfully a few years ago to encourage online PAYE reporting. Just under 20% thought that a system of enhanced capital allowance or tax deductions for qualifying costs incurred might be a reasonable incentive and a similar proportion liked the idea of a voucher scheme for redemption against qualifying purchases.
- 4.54 Members who ticked 'other' were asked to specify alternatives. Common themes were;
- No financial support should be provided at all, because it will be too expensive and will be too difficult to target appropriately;
 - Time spent on complying with MTD obligations will be the most expensive use of resources and it is not possible to compensate a business adequately for this;
 - The point was also made that changes to compliance should not, as a matter of principle, impose costs on business, particularly in relation to IT hardware and software. If the cost of MTD obligations is too high, the obligations should be revised;
 - HMRC should provide free approved software plus training and education events;
 - Roll out high speed broadband to the whole country as quickly as possible [we would highlight that not-spots, even in Central London, are as much of an issue as the general availability in say rural areas];
 - A direct cash payment or grant to help business cover additional costs including IT equipment and increased agents fees;
 - A reduction in the business's tax bill or a tax credit;
 - And finally there were many comments suggesting that rather than provide incentives, smaller businesses should be exempt altogether from MTD and that the threshold should be much greater than £10,000 (for further discussion on this point see our comments on Question 35).
- 4.55 We went on to ask a supplementary question asking members for the reason why they selected a particular option. The comments are attached in full in appendix two to this submission. Common themes were:

⁹ See appendix one for more details.

Incentive payments for meeting MTD filing obligations:

Pros	Cons
Simple to understand	Rewards everyone including those who would comply anyway
Worked for PAYE online filing	Businesses can choose how to spend it so will use it to benefit them
Would encourage and reward compliance as won't be paid until MTD obligation met	Too late – need the incentive earlier when making purchases
'Tax free' label will incentivise clients to comply	Could be expensive depending on what obligations are being incentivised (each quarterly update?) and what size of business qualifies
Fair as all businesses will receive the same benefit	

Enhanced Capital allowances/tax deductions:

Pros	Cons
Easy to administer	Could be difficult for small businesses to understand
Ensures only business related costs qualify	Should be able to surrender for a tax credit if ECA causes losses
Existing legislation can be easily adapted	Will benefit some businesses but not others (ie those who already own IT equipment) so could be perceived as unfair
Tested system – less open to abuse	Too late – need the incentive earlier
Targeted at actual costs incurred– not just 'free money'	

Voucher scheme for redemption against qualifying purchases:

Pros	Cons
Available when need it / help cash flow – ie upfront when spending the money	Will benefit some businesses but not others (ie those who already own IT equipment) so could be perceived as unfair
Can be targeted on 'qualifying'/'relevant' purchases by businesses that need it – IT purchases, training and so on	Could be open to abuse, so might have to be restricted/have tight qualifying rules
	Could be costly to administer
	Would need to be easy to apply for, otherwise would discourage businesses from applying
	Not directly linked to good compliance unlike filing incentives

- 4.56 **Question 5: What other forms of support would help to make the transition to Making Tax Digital easier?**
- 4.57 HMRC must not underestimate the amount of resources they will need to devote to assisting taxpayers with the transition to MTD. The list in paragraph 2.30 is a good start, in terms of the medium of support, but with all of these 'offerings' the content, speed of response and quality of the advice provided will be key.
- 4.58 As already mentioned, publicity is going to be essential so taxpayers know exactly how and where they can get help, tailored to their particular needs.
- 4.59 It is the appropriate content that will be most important, particularly around accounting, both the theory and the practical record keeping. But if that is mastered in the early stages the records can be of a good quality. In our experience this can require a good deal of assistance – say with an agent monitoring the records on a regular basis and being available to answer technical questions.
- 4.60 We imagine that many taxpayers, particularly those using free products, will seek help from HMRC on how to use their software, particularly if free support from the software provider is limited. It is not clear if HMRC will be providing support on how to use the software, or whether this is an area which they are expecting the software providers to pick up.
- 4.61 In any event, HMRC need to ensure that all forms of support are adequately resourced. Will HMRC have the volume of staff with sufficient knowledge of accounting and common packages to deal with the queries that may come in, often just before a deadline, and to explain how to deal with them – for example how to make a private use adjustment to an invoice that has already been posted in say QuickBooks, Xero or 1Tap?
- 4.62 The support given by agents will help to make the transition to MTD easier and therefore support for agents needs to be considered:
- a) Paragraph 2.26 of the consultation document recognises that some agents will need additional support for new digital services. A small percentage of agents themselves currently maintain records on paper or spreadsheets and provide a valuable high standard of service to clients who also retain their records in this way. Agents themselves may therefore need additional help to move to digital platforms in terms of training and advice on software for their own practice and for their clients
 - b) Without sufficient support, some agents may be forced into retirement, leaving clients who are also not digitally enabled without their trusted adviser and needing to move to a new agent at a time of change. A number of members who responded to our survey indicated that this was what they might have to do, and the risk of this should not be underestimated. This will also place greater burdens on HMRC where less digitally able clients attempt to deal with matters themselves.
 - c) Focused agent training and help from HMRC, as well as the professional bodies and software companies, will support the move to digital record keeping and reporting by clients. For example, where they

can be identified, early liaison with agents who are not registered online or who submit large numbers of paper tax returns may be beneficial.

- 4.63 Some agents are less familiar with online research. An agent telephone service would support them in getting them and their clients compliant under MTD. The agent helpline available on the transition to self-assessment assisted agents in dealing with the new issues arising and something similar could be put in place during the transition to the digital regime.
- 4.64 **Question 6: What facilities would make it easier and more secure for businesses to enrol for Making Tax Digital and use software regularly?**
- 4.65 We are focussing our response to this question on businesses that will use an agent to assist them in complying with their MTD obligations.
- 4.66 The role of agents is barely mentioned in this consultation document, yet represented taxpayers will be as affected by these changes as unrepresented taxpayers. Under 'Your Charter'¹⁰ HMRC must accept that someone else can represent a taxpayer in their dealings with HMRC. In order that an agent can represent their clients effectively and efficiently under MTD, it is essential that the agent authorisation process is adapted and agent access to the information in clients' Digital Tax Accounts is provided as quickly as possible. It is very frustrating for our members that agent access to the information in the DTAs and other services is already lagging behind client access.
- 4.67 HMRC must engage in continued and comprehensive consultation with the CIOT and other professional bodies that represent agents as they develop these processes. Otherwise, there is a risk that we will end up with a system that is not fit for purpose.
- 4.68 In the interests of cost and administrative efficiency for both agents and taxpayers, we would expect current authorisations to act to be automatically carried over by HMRC into MTD so that a new authorisation process would apply only to new appointments. This is crucial.
- 4.69 However, it is not clear if this is how HMRC and the software companies envisage it working with respect to the Business DTA. Fig 2.3 on page 17 explains how Richard will register his chosen software with HMRC. He has appointed an agent (Alison) so the example tells us that, *'Richard next chooses to authorise his agent to access his account and manage his tax affairs within his software. He selects the 'invite accountant' option and enters his agent's details. His agent then receives an automated email notifying her of the registration and invitation to access'*.
- However, it is not entirely clear from the earlier example which introduces Richard (Fig1.1 of page 7) exactly when Richard appointed Alison as his agent (it only refers to it being 'recently'. Was this several months ago before MTD was introduced or has he appointed her because he needs help specifically with his MTD obligations?
- 4.70 If it was several months ago, the example (Fig 2.3 on page 17) suggests that he will have to re-authorise her to act for him via his new MTD compatible software rather than assuming that the existing authorisation will carry over. If he fails to select the 'invite accountant' option, Alison will not have access to his DTA and be unable to

¹⁰ <https://www.gov.uk/government/publications/your-charter/your-charter#A5>

manage his tax affairs for him. At the very least, this could be confusing for taxpayers who may not realise they have to take this step, but at worst it could delay agents being able to access the DTAs and potentially lead to missed deadlines and increased costs for businesses.

- 4.71 Similar difficulties will arise with new clients who fail to access their software, let alone select the 'invite accountant' option in their software on a timely basis. We appreciate that, for security reasons, HMRC may want the client to be in control when giving authority to an agent to access their DTA, however this is not always practicable. As the software is developed, we would ask that a significant amount of 'user testing' is done with agents and taxpayers to ensure that the agent authorisation process is streamlined, easy to understand and works effectively. If client interaction is required it should merely require them to follow a link and accept, not to have to log into a digital account, which can be difficult or time consuming.
- 4.72 It is also not clear how the software will recognise and cater for situations where an agent does not act for the client across all their taxes and MTD obligations or where more than one agent acts in relation to one tax. What is the position, for example, if Richard wants to do his quarterly Income Tax and VAT reporting obligations himself and wishes Alison only to assist with his EOY declaration? Or if he wants to handle the VAT reports himself but wishes Alison to help with his quarterly IT updates? Or he uses a different agent for VAT reporting? Or a bookkeeper for the quarterly report and another agent for the year end report?
- 4.73 Such scenarios are commonly found with larger businesses. The agent authorisation process needs to have sufficient functionality to enable multiple different agents to be authorised for different roles or taxes and at different times.
- 4.74 The process will also have to cater for agents of all sizes (eg multi-office firms with separate client teams and so on) not just the sole practitioner or single office firm who deals with all their clients' tax affairs. We are not sure if this can be achieved at present. We urge HMRC to work closely with the profession in order to understand what will be needed to make the process work successfully. Given the MTD timeframe, it is crucial that this work is carried out as a matter of urgency and that firms participating in any trials are given as much warning as possible, given that the winter months are generally the busiest for agents.

5 Chapter 3. Digital record keeping

- 5.1 We welcome the statement at paragraph 3.6 of the condoc that 'no additional records will need to be kept'.
- 5.2 The greatest pressure on businesses, particularly small businesses, is time. This is often why record keeping for small businesses is left until a later quieter date, or outsourced to an agent – it enables the proprietor to concentrate on the business, rather than one of the many administrative functions which carrying on a business entails, from health and safety checks, data protection registration, anti-money-laundering, new staff checks etc through to accounting and tax. Therefore, any system of data entry must be quick and accurate – especially if it involves the manual input of data into the software eg because the proprietor does not own a smart phone, or the supplier receipt is damaged or illegible. We suspect that a high level of transactions will still require manual input; indeed our experience of the

basic apps is that they need much 'training' and overriding, and if this cannot be done in a matter of seconds, the process is likely to revert to a periodic inputting session, undermining the whole point of MTD.

- 5.3 HMRC will need to test this statement against some of the special schemes for smaller businesses, particularly VAT schemes such as the Flat Rate Scheme and Annual Accounting: at the very least to ensure that MTD can 'cope' with those special schemes (see later), but mainly to ensure that the benefits of these simplified schemes are not lost due to additional or more frequent requirements under MTD.
- 5.4 **Question 7: Do you have any comments about the practicalities of keeping evidence of transactions and trading when using digital tools?**
- 5.5 First of all, we are concerned that businesses will simply make mistakes, both during the transition to digital record keeping, and thereafter. Being forced to use a particular basis of record keeping, with which you are unfamiliar or have specifically chosen not to use, is not a recipe for accurate records.
- 5.6 The results of our survey support this view.
- 5.7 We asked what members thought the impact of digital record keeping and quarterly reporting would have on the level of client's errors.¹¹ 41% of members said it would have little impact, with nearly 40% considering it would increase errors. Only 9% of members thought it would have a small reduction in errors, with 1% thinking it would have a significant reduction.
- 5.8 Businesses will also need to become much more aware of issues such as data security / storage etc. A set of manual records and hard copy invoices does not need 'backing up', but supplier receipts which are photographed into an app will need backing up or risk being lost if the device is lost or there is an IT breach / failure. HMRC, or software providers, will need to provide guidance to taxpayers to ensure that their accounting data is held safely and securely. HMRC will also need to make clear the consequences of data being lost.
- 5.9 Worryingly, at least one of the major cloud software suppliers does not guarantee to keep the records adequately backed up and suggests that taxpayers do this themselves, although they do not seem to provide guidance on how their package can be backed up by a taxpayer. Surely to be listed on HMRC's website, HMRC should insist that software packages must be capable of being copied onto a local drive for backup or have a separate facility for online backup.
- 5.10 The potential for hacking and cyber-attacks will increase and should not be ignored if government is effectively forcing businesses to place confidential information online. Guidance on protecting businesses and individuals needs to be available.
- 5.11 Business' record keeping obligations will need to be clarified. Will storage of photographed receipts in the cloud be sufficient, or will hard copies need to be retained? (If the software cannot recognise the photographed receipt, will the business need to retain the hard copy invoice, even though if a till receipt these often fade over a short time?)

¹¹ See appendix one for more details.

- 5.12 The functionality of software will be vital to the success of MTD. In Fig 3.1 the example is given of Eve, who photographs her receipts and her app populates the relevant accounting fields. The allocation in the software will need to be easy to override (with any necessary prompts), particularly in cases where a number of different items are purchased on the same receipt (eg a decorator may buy from a superstore a printer and some cartridges to print his invoices, some paint brushes, a litre of oil for his van, some lunch, and a ready meal for dinner at home). The software will need to cope with this sort of expenditure and enable easy categorisation amongst the expense types.
- 5.13 **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?**
- 5.14 In the early days of MTD, we would warn against a requirement for information which is not easily captured or available at the point of entry. If, say, supplier receipts cannot be captured because the software requests a piece of information which is not easily available, taxpayers will be put-off using the software and one of the aims of MTD – making the accounting entry closer to the date of the transaction – will be missed.
- 5.15 Invoice date and payment date
- 5.16 The proposal is for both the invoice date and the payment date to be reported if the business operates the cash basis. A number of issues arise with this proposal:
- a) A business might operate the cash basis for VAT (cash accounting) but accruals basis for accounting for Income Tax. Such businesses might currently prepare their records solely on a cash basis (so as to prepare their quarterly VAT returns), and do an adjustment (for debtors and creditors) at the year end to report on an accruals basis for Income Tax purposes. The proposed approach would effectively double the number of book-keeping entries for these businesses.
 - b) Notwithstanding the proposed increase in turnover limits for the cash basis, it is used by the smallest and simplest of businesses. However, the proposal requires them to report two separate dates (invoice date and payment date), which then makes being on the cash basis (a simplification) more burdensome than being on the accruals basis. Surely cash basis businesses would only record an invoice when paid with that one date. Until then the document will be retained in a pending file (or on the proverbial 'spike').
- 5.17 Whilst software should have the capacity to capture both the invoice date and the payment date, we suggest that businesses are given the option to record on one basis, and to make any adjustments via their EOY declaration. Using the illustrations above:
- a) The business on the cash basis would operate on a day-to-day basis simply reporting the payment dates, but undertake an adjustment in order to report on an accruals basis as part of the EOY declaration.
 - b) The business would report on an invoice basis, but would make an adjustment in the EOY declaration to report on a cash basis.

- c) The business on the cash basis would simply report based on payment dates.

5.18 Invoice value and payment value

5.19 Similar comments arise to those above when looking at the recording of two sets of values.

5.20 In addition, we also see scope for complexity / confusion, where a payment is made in full satisfaction of an invoice, but represents a different value. This could simply arise because one payment covers more than one invoice. Further confusion could arise because of prompt payment discounts, disputes over the amount invoiced, or just through agreement of a different amount payable. Smaller businesses are unlikely to raise credit notes or documentation to fully reflect the reason for the discrepancy, but the software may well perpetuate these differences if they are not easily written off.

5.21 Other comments on data fields

5.22 The proposals for retailers are noted and simplification here is welcome. There will need to be clarity over who is considered to be a 'retailer' for these purposes, and also the arrangements for businesses comprising both retail and non-retail elements.

5.23 Other business sectors may require a similar simplification, and this will need to be made clear. For example, bookmakers and gaming machine operators have a high number of individual transactions, and may need similar easements.

5.24 The record-keeping requirements for round sum allowances and other non-specific expenses will need to be clear and easy to record. For example, a business may only claim its business mileage, but will have fuel receipts which do not match – either by date or by value – and the software will need the functionality to cope with this.

5.25 While we consider that the number of data fields should initially be kept to a minimum, other data fields that might be considered include:

- Payment method – a simple choice of cash / cheque / debit card / credit card etc – which might assist with the accounts preparation process / bank reconciliations etc.
- VAT identifier / amount – particularly if the business is VAT registered.

5.26 **Question 9: Do you have any comments about reflecting the current VAT requirements in MTD-compatible software?**

5.27 The main challenges around VAT relate to the number and types of adjustment which need to be made to transaction-level data in order to calculate the VAT return. Examples of such adjustments (the list is not exhaustive) are set out below:

- a) Partial exemption – this is not a large business phenomenon, and many small businesses are partially exempt, such as GP practices, funeral directors, amusement operators and so on. There are currently very few software packages that deal adequately with partial exemption, and even then only typically where an income-based method is used. The same applies to

related adjustments such as the annual adjustment, and the capital goods scheme.

- b) Business / non-business activities – if charities and CASCs are not excluded from the regime, they will face similar issues to partially exempt businesses (if not also partially exempt themselves). Again, software does not currently deal very well with business / non-business calculations.
- c) Special *calculation* schemes – by this we mean VAT schemes that calculate the amount of VAT due; for example the Flat Rate Scheme, margin schemes, retail schemes etc. While specialised software might handle such transactions (eg in the motor industry), again this functionality is largely absent from most accounting software.
- d) Special *accounting* schemes – by this we mean VAT schemes which determine the reporting of VAT; for example the Cash Accounting scheme, Annual Accounting scheme etc. The interaction between these VAT accounting schemes and ‘normal’ accounting for Income Tax / Corporation Tax will need careful consideration. For instance, software will need to be able to cope with a business which is on cash accounting for VAT, but not for Income Tax.

5.28 Currently, spreadsheets are the solution to many of the above issues. We suspect that most businesses, even those that use software for their record-keeping, use spreadsheets in order to calculate their VAT return. Unless MTD software is developed to accommodate spreadsheet-like functionality, MTD for VAT will only work for a fraction of businesses.

5.29 We recommend that HMRC look closely at the cause of the errors that MTD is designed to prevent. If the majority of VAT errors arise due to inadequate record-keeping, then the steps to mandate digital record keeping are intended to minimise those errors. Therefore, if the level of VAT errors caused by the manual / spreadsheet adjustments is relatively modest, we would question whether requiring software companies / businesses to develop software to automate these functions is worthwhile. It could lead to significant initial and ongoing costs for software companies, businesses, and HMRC, for little incremental benefit.

5.30 Returning to Annual Accounting for a moment, MTD will increase compliance time / costs for all these businesses. Annual Accounting has a turnover limit of some £1.35m, and requires just one VAT return to be submitted two months after the end of the accounting period. Quarterly (or more frequent) reporting for MTD will therefore increase these costs.

5.31 Indeed, MTD may call into question whether some of these special schemes will be needed anymore? The record keeping benefits of the Flat Rate Scheme and Annual Accounting seem to significantly reduce under MTD.

5.32 Input VAT can only (with limited exceptions) be reclaimed against a valid VAT invoice, the contents of which are prescribed by Regulations. If the invoice is captured by taking a photo and the software populating the data fields, there will need to be a check to confirm that it is a proper VAT invoice, or the software will need to somehow ‘recognise’ the invoice as a VAT invoice.

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

5.34 We agree that the information at paragraph 3.18 would be necessary to capture, although it should be possible to record expenditure that relates to the property business as a whole (eg accountancy fees) rather than just property-by-property.

5.35 We also agree that the information at paragraph 3.19 would be useful to capture – indeed the software might encourage recording of this ‘permanent’ data to aid with future reporting. Other information, such as details of any ‘option to tax’, tenant information may also be useful.

5.36 That said, we would recommend that capital gains information is not rushed in to MTD, but that it develops organically – there will be sufficient challenges with Income Tax, VAT and Corporation Tax in the short term.

5.37 Finance (No. 2) Act 2015¹² introduced a gradual restriction on finance costs incurred by individual landlords of residential properties. MTD software will need to be able to identify when such a restriction is required, and calculate the effect of that restriction.

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

Question 12: Do you have any comments on how businesses should reflect transactions and expenditure with non-deductible elements in the software?

5.39 We agree that the expense categories currently set out within SA103F represent a good starting point for the minimum categorisation in MTD, but other categories such as drawings and capital expenditure are vital, as will be the ability to disallow part or all of an expense. Applying familiar terminology and categories will help ease the transition far easier than if new categories were adopted.

5.40 That said, whilst the categorisation may be familiar to agents, it may not be clear to businesses themselves, and education and guidance will be needed (preferably within the software, or otherwise on GOV.UK) to explain the terms used and examples of expenditure within the various categories.

5.41 It is stated at paragraph 3.21 in the condoc that recording and categorising transactions will only need to be done once. There are many examples of circumstances where the treatment for VAT purposes will differ from the treatment for Income Tax or Corporation Tax purposes, and VAT also largely ignores the capital *versus* revenue divide. So, the categorisation of an expense for say Income Tax purposes will not automatically produce the correct VAT treatment – the software will need to cope with these nuances.

5.42 Further, if a VAT registered business is partially exempt, it will also need to be able to record absolutely whether the VAT is fully reclaimable, partially reclaimable, or not reclaimable (subject of course to the de minimis rules).

5.43 Whether certain business costs are allowable can also depend upon what basis of accounting is being used. For example, businesses on the accruals basis can deduct interest, whereas that is restricted to just £500 for businesses on the cash

¹² Section 24

basis. If the cash basis 'election' takes place after the accounting period end (eg within the EOY declaration), the software needs to be able to recognise the types of expenditure whose tax treatment will change, and make that adjustment accordingly.

- 5.44 The deductible proportion of transactions with non-deductible elements that vary from business to business (such as home telephone bills) should ideally be identified just once, when the expense is first recorded. The deductible ratio should then be applied to future expenditure, unless and until it is amended.
- 5.45 **Question 13: What prompts and nudges would be most useful to businesses?**
- 5.46 One of the impressions given around MTD seems to be the idea that taxpayers will 'do it for themselves' and will no longer need to use agents. Our principal concern here is that the tax system is currently too complicated to enable most individuals to make informed decisions about their tax affairs.¹³ Even with the most comprehensive system of prompts and nudges, there is danger that DIY taxation will lead to incorrect and ill-advised decisions being taken by taxpayers.
- 5.47 That said, the concept of software providing prompts and nudges is an appealing one. We believe that these can be grouped into a number of themes, and we give examples of the types that might be useful:
- a) Auto-filling – software can suggest the entries that need entering to save time and minimise posting errors
 - b) Reminders – such as when a payment or a reporting obligation is falling due, to help businesses avoid late payment / filing penalties, and give prompts as to what to do if they can't meet the deadline.
 - c) Potential errors – a message might pop-up if a taxpayer / capture error is likely, such as a restaurant invoice being posted to cost of goods sold or to query if part of an expense is disallowable if on a previous similar purchase he commonly disallows part.
 - d) Potential obligations – a message might appear if a type of transaction requires some follow-up action, for example a VAT registered business buys a capital goods scheme item.
 - e) Completeness prompts – which require the taxpayer to enter additional information in order to correctly capture the transaction. For example, a sale of goods to an EU VAT registered business could require a prompt to enter / obtain the customer's VAT registration number in order to support zero-rating.
 - f) Guidance – links to up-to-date guidance on relevant income or expense types (such as how to claim motor expenses, when subsistence expenditure is deductible etc).
 - g) Tax changes – using Finance Act 2016 as an example, landlords could be given a notification about the repeal of the wear and tear allowance and the

¹³ While as a body the CIOT has 18,000 members, the majority of whom will be tax agents who assist taxpayers with their tax affairs, this is not a self-interest point. We would draw your attention again to our charitable objectives and the basis upon which we make submissions.

introduction of the rules for replacement of domestic items, to ensure these are claimed. Such prompts could be a useful communication tool to help businesses keep up to date and avoid errors, and we recommend that HMRC work with software companies to identify how such a system could be created.

- h) Threshold prompts – such as when business income appears to be reaching the VAT threshold, or when a business on the cash basis exceeds the eligibility threshold.
- i) Complexity prompts – which highlight decisions which could have a significant impact on a taxpayer's affairs, suggesting that advice might be needed. This could include matters such as choice of accounting date, entitlement and claiming of allowances etc.

5.48 Given the importance that 'nudges and prompts' will play in MTD compatible software in trying to guide taxpayers and ultimately reduce errors, there is a risk that taxpayers could assume that their software will provide protection for errors, even if the software provides an incorrect 'nudge', or fails to provide a 'nudge'. All software will need warnings and caveats so the user understands its limitations.

5.49 In addition, the guidance on GOV.UK is often slow to appear, out of date, inaccurate or has insufficient detail for taxpayers with relatively simple affairs. For example, the guidance entitled 'Income Tax when you rent out a property: working out your rental income' until 28 October 2016 referred to claiming the wear and tear allowance for the current year. A prompt described at g) is only useful if the guidance described at f) is up to date.

5.50 Perhaps more worrying is the question and answer on this subject at a recent Talking Points session, as follows:

Q: How soon will gov.uk be updated to reflect the FA2016 changes - eg the wear and tear allowance - such as <https://www.gov.uk/guidance/income-tax-when-you-rent-out-a-property-working-out-your-rental-income#wear-tear>

A: At the moment we cannot give an answer to this question

5.51 It will be necessary to enable prompts and nudges to be turned off by the taxpayer, or have some level of control over their appearance. For example a taxpayer, after receiving one prompt about petrol station receipts, might then understand that the individual elements must be itemised separately (eg fuel, newspaper, sandwich etc) rather than as a single expense. It would be annoying if that prompt appeared every time a petrol station receipt was captured, and so the taxpayer might need the option 'don't show this again' like with other software prompts. Of course, the taxpayer's behaviour would need to be considered if prompts had been turned off, but then subsequent mistakes were made.

6 Chapter 4. Establishing taxable profit

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

6.2 Yes, we agree that businesses should have this flexibility.

- 6.3 **Question 15: Do you agree that business should have the flexibility to reflect reliefs and allowances when they choose?**
- 6.4 Yes, we agree that businesses should have this flexibility.
- 6.5 **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?**
- 6.6 The aim is to try and portray an accurate picture of the taxpayer's estimated tax position throughout the year. However, this is effectively trying to shoehorn a historic annual system of calculation into a new quarterly one. If voluntary payments as you go are to become widespread then the whole system may need to be reconsidered.
- 6.7 It is difficult to envisage how the personal allowance (PA) can be best reflected within the MTD software to achieve the stated aim without also knowing about a taxpayer's predicted annual profits, their other taxable income and reliefs. Estimates could be misleading, particularly for those with other income or fluctuating profits, especially if that may or may not trigger matters such as different rate bands, the high income child benefit charge, loss of the personal or pension annual allowance. We appreciate this is how PAYE works, but generally that is applied to fairly flat salaries, not to fluctuating profits.
- 6.8 We assume that for those businesses whose accounting year is the same as the tax year, then the calculation would be based on 25% of the available personal allowance, subject to any information HMRC have about the taxpayer's other income.
- 6.9 We are not sure how the personal allowance will be calculated for each quarter for those business who have accounting periods that do not coincide with the tax year or trip into another tax year.
- 6.10 Due to the risk of error, it must be stressed in the DTA that any calculation of the taxpayer's tax position is an estimate (whether for that quarter, or of their annual tax bill) based only on the information that HMRC does have, and clearly detailing what that information is, and that the final figure may be quite different.
- 6.11 Where the software is presenting a business with options, such as what it can do with a loss for tax purposes (see paragraph 4.35), it needs to be careful that this is not portrayed as 'tax advice'. In our view, the software should contain warnings and caveats explaining to users the limits of what their software is showing them (eg alternative uses for losses in general, rather than tailored tax advice relevant to their particular circumstances).
- 6.12 **Question 17: Is this the right treatment of partnerships? Are there any additional partnership issues that need to be considered?**
- 6.13 We agree that quarterly reporting for partners could benefit small, simple partnerships, like the one in Fig 4.2 on page 33, because the partnership quarterly updating and EOY declaration will result in the partnership figures being automatically uploaded onto the partners' individual digital tax accounts. This will save time. However, even for small simple partnerships it can be very difficult to predict profit shares in advance of the annual accounts, for example, if partners have different combinations of fixed and fluctuating profit shares, which may have

to be reallocated, depending on the profit level – for example if it would otherwise result an overall profit but one partner having a loss.

- 6.14 A difficulty will arise where an individual partner disagrees with the figures which have been prepopulated into their DTA. This can be particularly difficult for departing partners as highlighted by the recent *King*¹⁴ case. If this cannot be resolved through discussions with the nominated partner, there should be a defined mechanism by which an individual partner can inform HMRC that they disagree with and need to replace the figures in their DTA.
- 6.15 A further difficulty would arise where the nominated partner fails to maintain the digital records and/or regularly update the partnership DTA. If this cannot be resolved through discussions between the partners themselves, there should be a defined process through which another partner can deal with the partnership's obligations, or his / her own obligations, absent the co-operation of the nominated partner.
- 6.16 Turning to large and more complex partnerships, MTD reporting could introduce significant additional compliance costs for these businesses. We acknowledge that this chapter does not explore the detailed issues faced by larger partnerships but we feel that this is an opportune moment to explain why MTD, as proposed, is unlikely to work for them or for HMRC.
- Most large partnerships will already have complex and sophisticated accounting systems with mechanisms, eg tax reserving, to ensure that tax can be paid when it falls due. Quarterly reporting would not assist the process at all;
 - Firms will not know during the year how profits will be finally allocated at the year end. Quarterly filings will need to make estimates of profit sharing ratios. Final allocations between partners will not be made until after the year end once the annual results are known and they will inevitably be different for a variety of reasons, eg:
 - i. New and retired partners.
 - ii. Seniority and prior shares.
 - iii. Salaried partners.
 - iv. Performance-based profit allocations.
 - v. 'Lockstep' firms – valve arrangements mean that in some years a partner group will receive a profit share and in others they will not.
 - vi. Multinational firms – changes in exchange rates.
 - vii. Bonus pools, each of which may be allocated on different bases.
 - Feeding quarterly numbers into a partner's tax account would be problematic from a firm's management perspective. It may raise the expectation of a particular profit share. If the actual profit share is different there are likely to be more discussions/arguments than would otherwise be the case.
 - Partners may make incorrect decisions during the year, eg make pension payments, based on the numbers in their tax account. This could be expensive.
 - The quarterly figures will be inaccurate estimates of the annual position and will therefore serve little use to HMRC either.

¹⁴ <http://financeandtax.decisions.tribunals.gov.uk/judgmentfiles/j9143/TC05163.pdf>

- 6.17 We believe that implementation, particularly by 6 April 2018 is likely to be extremely difficult. Given the similarity between audited LLPs and larger companies including PLCs, we think that implementation of MTD for large and complex partnerships should not go ahead.
- 6.18 **Question 18: Is this the right treatment of individuals who receive income from property, let jointly?**
- 6.19 This approach sounds reasonable. However, many joint property owners will be spouses or civil partners, and it is likely that difficulties could arise particularly in cases of matrimonial or relationship breakdown. Hence a clear pathway for resolving disputes in such situations is needed.
- 6.20 As with partnerships, a difficulty will arise where a joint owner disagrees with the figures that have been prepopulated into their DTA. A further difficulty could arise where the 'nominated individual' fails to maintain the digital records and/or provide regular updates to HMRC. If this cannot be resolved through discussions with the 'nominated individual', as with any other error in their DTA there should be a defined process by which an individual can override the figures and so deal with their MTD obligations absent the co-operation of the nominated individual.
- 6.21 HMRC's consultation document '*Simplified cash basis for unincorporated property businesses*'¹⁵ is proposing introducing an optional cash basis for preparing property business accounts, which allows for individuals letting property jointly to separately opt to report using the cash basis. What therefore would be the position if each joint owner was preparing accounts using a different accounting basis? Will it still be the 'nominated individual's' responsibility to maintain the digital records and update HMRC? Guidance on how this could work in practice will be needed.
- 6.22 **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?**
- 6.23 This sounds reasonable.

7 Chapter 5. Providing HMRC with updates

- 7.1 **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?**
- 7.2 It is our understanding that the summary data in the updates will be automatically produced by the record keeping software. With this in mind, for the self employed, it would be helpful for the summary data to replicate the categorisation of expenditure discussed in question 11. For other entities such as corporates this will need to be reconsidered.

¹⁵ 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?'

- 7.3 For example, if the categorisation is to be predominantly based on the SA103F then an update that reports this information will require the least amount of additional work, yet will provide some form of high level income and expenditure of the business during the reporting period similar to a profit and loss account. If an accurate picture of profit is to be given then it will of course still require checks to be carried out, missing items to be included and adjustments made such as for own use and other disallowable items and those such as prepayments and accruals if not on the cash basis.
- 7.4 However, our key issue here is that, if MTD really does not mean four tax returns a year, the update should be seamless and require little or no additional work by the taxpayer to produce and submit. This is particularly the case because HMRC do not intend to enquire into the quarterly updates¹⁶ and have even confirmed in meetings that the information might not even be examined. So it would be unreasonable if taxpayers were put to additional time and expense for no apparent purpose.
- 7.5 If this is the case then HMRC will have to accept that the status of the results notified, ie that they are purely the sum of a list of some transactions and that they do not represent the results for the quarter, so that the annual figures may be quite different to the sum of four quarterly reports, potentially making the use of those extremely limited.
- 7.6 **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?**
- 7.7 In the short term, we do not believe any additional data should be required. In the early days of MTD the burdens on businesses to extract and provide additional data should be minimised.
- 7.8 The current VAT return has been in place for many years, and requires businesses to submit only nine items of data. Even so, errors are still made by businesses, commonly around what figures to include in Boxes 6 and 7 (values of outputs and inputs) and Boxes 8 and 9 (sales / purchases of goods to / from the EU). It may be that other factors such as Brexit will themselves require changes to the VAT return, and therefore any further changes should be exceptional.
- 7.9 Further, the recent EU-wide proposals for a common EU VAT return ran aground because of the divergence in views amongst member states, particularly with regard to the level of information which should be disclosed. We understand that the UK view was 'less is more', which we support, and we would recommend that the rationale for this is revised within HMRC, as any proposals to require businesses to provide more information run contrary to that rationale.
- 7.10 If it is to seek additional data at a later stage, HMRC need to balance (following research) the additional burden on business, with the benefits which would accrue to HMRC or businesses through providing this additional information. We suspect that the benefits to businesses would be limited, particularly if the software is already providing the necessary prompts and nudges to improve accuracy.

¹⁶ Paragraph 2.16, Tax Administration consultation document

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

7.12 We agree that flexibility over update cycles is important.

7.13 While many businesses will want a standard, three monthly cycle, there will be cases when this is not suitable, such as:

- Where a business uses non-standard accounting periods, eg to the last Friday each calendar month;
- For seasonal businesses, which might be particularly busy during certain periods, enabling flexibility to submit updates during quieter periods; and
- As requested elsewhere, to be able to align reporting periods for property income with those for their business income.

7.14 However, we would warn against allowing businesses to submit updates at will. We think that businesses should be required to identify their update cycles in advance, if they are not to follow standard update cycles. This will ensure that businesses have a defined cycle to adhere to, and HMRC and businesses know when updates are due.

7.15 **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?**

7.16 We do not consider that one month is sufficient time in which to submit an update.

7.17 On the basis that agents will be completing many of these submissions, factoring in the time for the represented taxpayer to pull the records together, to gather from these clients all the necessary information (even if the taxpayer attempts to input it himself), process and/or review it, send the summary to the client for approval, receive the approval and make the submission may well require more than a month. It is the interaction with the client that is important but that may be time consuming, especially in the early days of MTD.

7.18 Once there is a better indication of what a submission will look like, we think some serious research is required to estimate the actual time required, rather than legislate for a random period such as a month. It may be that two or three months is required for this to be successful in the early stages of MTD, but that this could be reduced after a few years, possibly to merge with the VAT deadlines.

7.19 The current VAT return requirement of one month plus seven days is noted in the condoc, but the proposal is to bring that deadline forward to one month. We do not think it is appropriate to introduce a new, earlier deadline.

7.20 If it is set at one month or even one month and seven days at the start, we think it is likely that agents will be requiring groups of clients to change their accounting date so as to better spread the workload so they can treat clients as fairly as possible, even if the client would prefer a date to coincide with the tax year.

7.21 At the moment, there is inconsistency with the VAT filing deadlines, with very large businesses (those within the Payments on Account regime) being required to file their returns within one month). MTD may give an opportunity to consider alignment of the VAT and MTD updates for all businesses.

- 7.22 In any event, there may be practical difficulties with a one month filing deadline. For example, businesses that pay bills by direct debit may not receive bank statements sufficiently in advance of the deadline in order to record that expenditure. The same may apply to credit card bills etc.
- 7.23 So, at the very least we would recommend that the deadline for updates is set at a more realistic two months to start with, yet with an intention to shorten this eventually to not less than one month and seven days, once efficiencies have manifested themselves. We suggest that the deadline is monitored during the testing phases of MTD to see what deadline is realistic and whether any other practical problems arise.
- 7.24 **Question 25: What method of deriving a business's start date for providing updates under Making Tax Digital would be most straightforward for businesses?**
- 7.25 First of all, the condoc is slightly confusing about how Option 1 would work for businesses whose accounting period is aligned with the tax year. Paragraph 5.29 of the condoc states:

‘Option 1 would be for businesses’ update cycle to begin on the **first day after** their first accounting date that **follows** 5 April 2018.’ [our emphasis]

On this basis, the first accounting period date that follows 5 April 2018 would be 5 April 2019. The first day after that date is 6 April 2019.

However, paragraph 5.31 then states:

‘A business whose accounting year was fully aligned with the tax year and whose accounting date falls on 5 April, would start updating from 6 April. Their first update period would then end no later than 5 July and so on. One advantage of this option is that none of the approximately 2.5 million businesses whose Income Tax year aligns with their period of account would need to complete a Self Assessment tax return for the tax year **2018/19**.’ [our emphasis]

It appears to us that HMRC envisage that businesses whose accounting period is aligned with the tax year will start updating from 6 April **2018**. This needs to be clarified for those 2.5 million businesses.

- 7.26 Option 1 is by far the most straight-forward method of deriving a business’ start date for MTD ie to start on the first day after their first accounting date that follows 5 April 2018. We recommend that this method is adopted.
- 7.27 Other alternatives, such as the first quarter after 5 April 2018 will, in our view, create confusion and additional burdens on businesses. Those businesses will either have two sets of accounting records from which to prepare their annual accounts / information, or will in practice have to advance the start date to the beginning of the accounting period before 5 April 2018 to enable just one set of records to be maintained.
- 7.28 However, we do expect that some businesses may change their accounting period date to, for example, 31 March, so as to be mandated into MTD as late as possible. We do not see this risk as sufficient to change our recommendation of Option 1, but

HMRC should not be surprised to see this behaviour, and we would not expect HMRC to take any action to prevent such behaviour.

- 7.29 If our understanding of businesses that use the tax year as their accounting period is correct, they will enter MTD first. It is likely to mean that there are 'peak' periods in respect of businesses that will be providing updates based on 31 March / 5 April cycles, and quarterly thereafter. HMRC will need to ensure that they are adequately resourced to deal with these peaks at around the end of April, July, October and January.
- 7.30 While we recognise that aligning quarterly updates with VAT quarterly cycles will be appropriate (if not essential) for most VAT-registered businesses, there will be some businesses for whom this will be impractical. For example, resources may be insufficient to allow, say, quarterly management accounts (aligned to the accounting period quarters) to be prepared at the same time as VAT returns (aligned to the VAT quarters). Those businesses will need to maintain separate cycles, even though it will still represent an increased burden on their business by virtue of having to submit eight quarterly updates, rather than four.
- 7.31 For completeness, and as explored in other parts of this response, we do not agree with the statement in 5.31, that '*none of the approximately 2.5 million businesses whose Income Tax year aligns with their period of account would need to complete a Self Assessment tax return for the tax year 2018/19*'. In fact, this statement is very worrying and a naive perception of how MTD will work in practice. At a minimum, businesses will need to complete an EOY declaration. More likely, a business owner will need to report other income streams, make claims such as for gift aid and pension relief, and so a 'tax return' (in whatever form it takes) will still need to be submitted.
- 7.32 **Question 26: Do you wish to make any comments about the operation of 'in-year' amendments to updates for the purposes of profits taxes or VAT?**
- 7.33 We agree that software should identify where a figure has been amended after an update has been made, and be capable of identifying these changes and including the effect of them in the next quarter's update. Otherwise, the four quarterly updates will not accurately reflect the annual position.
- 7.34 However, we do not consider that there should be a requirement to separately notify errors or corrections to data that only affect profits taxes, if those corrections are within the same overall accounting period. A notification to HMRC would serve no purpose than to place additional burdens on businesses, and overload HMRC with relatively useless data.
- 7.35 We do not suggest that the rules for making corrections to VAT errors should change, either. This is currently a reasonably well-understood system, and save perhaps for introducing an ability to make corrections online (rather than in a hard-copy fashion), the regime should be left alone until MTD has had time to bed in.

8 Chapter 6. 'End of Year' Activity

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

- 8.2 Yes, we agree that the process of finalising the regular updates should be separate to the regular updates.
- 8.3 **Question 28: Do you agree that businesses should have nine months to complete any End of Year activity?**
- 8.4 As indicated in our summary in section 2 we strongly disagree with a nine month deadline. For years, agents have been trying (unsuccessfully) to change their clients' behaviour in order to enable a smoothing of tax return submissions. Subject to having access to clients' digital records, agents will be able to start work on the EOY declarations sooner. However, for the many businesses which have a 31 March or 5 April accounting date, a nine month deadline would be in the Christmas and New Year season. This would be quite impracticable for many taxpayers, for agents and for HMRC call centres and other HMRC support staff, who are likely to be called upon to work long hours in the couple of weeks up to the deadline.
- 8.5 The ideal deadline depends upon what the EOY activity is designed to represent.
- 8.6 If it is simply to give businesses with simpler affairs an opportunity to sense-check previous submissions to ensure that they are accurate, then perhaps a 30 November deadline may be an appropriate timescale.
- 8.7 However, for more complex unincorporated businesses the EOY declaration may be much more than this. It is likely to be a time to make accounting adjustments, check / make capital allowances claims, calculate double tax relief and so on. However, there seems to be no reason why the EOY declaration could apply to the more straight forward aspects connected with MTD and that other aspects such as offsetting losses that require interaction with other aspects on a person's tax could not be done in the annual self assessment return or DTA final submission, when other income is submitted, for which we still favour a 31 January deadline as explained above.
- 8.8 In practice, and in the light of the proposed changes to basis periods, informed decisions cannot be made on some aspects of what the EOY declaration will entail until all information relating to the particular tax year has been gathered.
- 8.9 This can be illustrated as follows. A business with an accounting period ending on 30 April 2019:
- Will be taxed on the profits for the year ending 30 April 2019 in the tax year 2019/20:
 - Will do quarterly updates (if within HMRC's proposed timescales) by the end of August 2018, November 2018, February 2019 and May 2019:
 - Will have to complete their EOY declaration by 31 January 2020.
- 8.10 This would mean that the EOY declaration would need to be done before the end of the tax year in which the profits will be taxed. If the taxpayer has other income during the tax year, or makes gift aid or other tax-deductible payments, these won't have been finalised for that tax year, yet alone reported to HMRC. A taxpayer would therefore be unable to decide, for instance, the value of capital allowances to claim within the EOY declaration if it does not know the precise impact of such a claim at the time it needs to be made? This is a significant flaw with a deadline of nine months after the end of the accounting period.

- 8.11 We are concerned that the examples in the consultation are overly simplistic. In reality, many taxpayers who are in business will have other income or expenses, which need to be reported to HMRC, outside of their normal quarterly cycle for business information (ie they will need to prepare a tax return or submit this information via their digital account).
- 8.12 Therefore, a period of nine months after the end of the accounting period is inadequate if the EOY declaration is intended to be a once-and-for-all task.
- 8.13 We suggest that the deadline for the EOY declaration should be a reasonable period after the end of the tax year in which those profits would be taxed. So, in the example above, the deadline for the EOY declaration could be 30 November 2021.
- 8.14 Of course, businesses who do not have to report other income and expenditure could submit their declaration sooner. But if the deadline is not extended then we envisage that many businesses will need to amend their tax position after the EOY declaration has been submitted, which will be an unnecessarily complication for both businesses and HMRC.
- 8.15 We also note that the proposed nine month deadline seems to bring forward the submission deadline for companies by three months. This would not work for many corporates, especially larger ones where in practice an audit/accounts team will deal with the statutory accounts and only once these have been finalised can the detail of the tax computations be started by the tax teams. This was consulted on a few years ago and HMRC accepted that a 12 month deadline was necessary. This would not prevent smaller simpler companies making submissions earlier – in fact many do so.

9 Chapter 7. Exemptions

- 9.1 **Question 29: What criteria should be applied in determining whether to exempt a particular business or business type from the requirements of MTD?**
- 9.2 We have three overriding comments when considering exemptions from MTD.
- 9.3 One of the reasons, if not *the* main reason for the introduction of MTD is to reduce the tax gap, with MTD forecast to contribute £945m to the Exchequer by 2020-21.¹⁷ While non-taxpaying organisations might benefit from certain elements of MTD, there is little point mandating the digital record keeping and reporting requirements on these organisations.
- 9.4 Secondly, we are concerned that HMRC will significantly underestimate the number of individuals and businesses who are digitally excluded or not sufficiently digitally enabled. However, we largely leave the comments on this area to the Low Incomes Tax Reform Group, which is better placed to respond on such matters, and we endorse their views.
- 9.5 Thirdly, there will be many taxpayers who might not be digitally excluded, but who are not particularly digitally competent. This population might be forced into accidental or deliberate non-compliance, through an inability to cope with the new

¹⁷ See Exchequer Impact, page 67 of condoc.

digital record-keeping requirements. These people will need significant support if they are not exempted or their mandate is not deferred.

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

9.7 Yes, for the reason highlighted above, we believe that charities should be exempt from the requirements to maintain digital records and to update HMRC at least quarterly. In particular, access to suitable software may be expensive for some small charities.

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

9.9 It is our understanding that, in the majority of instances, trading subsidiaries of charities gift aid their profits to their parent charity, and do not therefore pay any tax on their profits.

9.10 We again, therefore, suggest that trading subsidiaries of charities should be exempt from the requirements to maintain digital records and to update HMRC at least quarterly.

9.11 We do recognise, however, that some trading subsidiaries of charities can be in competition with commercial enterprises. These companies enjoy a commercial advantage because they are able to pay no corporation tax, not because of MTD *per se*. We recommend that this area is kept under review to ensure that significant distortions are not created between the for-profit and not-for-profit sectors.

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

9.13 Yes, for the reason highlighted above we believe that CASCs should be exempt from the requirement to maintain digital records and to update HMRC at least quarterly.

9.14 **Question 33: Should businesses within the insolvency process be included within the scope of the requirement to maintain digital records and to update HMRC at least quarterly; and are any special arrangements required for this group?**

9.15 We note that this issue is directed more at insolvency practitioners, and so we only make a general comment.

9.16 We understand from members that work in this area that the existing exemptions from online filing requirements for Corporation Tax and VAT exist for valid reasons, which continue. For example, in many cases the staff at the insolvent company will have left and it can take time for a liquidator to piece together the facts and do a return. In many cases there will be significant losses in the final period to carry back, changing results for earlier periods. It is unlikely that accurate quarterly returns would be possible and HMRC is likely to glean little useful information if estimates are made. We strongly suggest that insolvent businesses should be excluded from MTD and the current system, which works reasonably well for practitioners and HMRC, should continue.

9.17 The results from our survey support the above views. Nearly 75% of respondents considered that charities, charity trading subsidiaries, Community Amateur Sports Clubs, insolvent businesses and insolvency practitioners should be exempted from MTD.¹⁸

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

9.19 As set out above, we refer to the comments from LITRG.

9.20 **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?**

9.21 It is our view that a threshold of £10,000 is too low.

9.22 In our recent survey we asked members what they thought the threshold amount should be.¹⁹ Nearly 87% of members agreed that £10,000 was too low, with over half (55%) considering the threshold should be more than £20,000, and around 41% favouring a figure of £50,000 or higher.

9.23 We asked members who selected the option 'More than £20,000' to specify what they thought the threshold should be.

Of those who expressed a preference, and in order of popularity:

- 232 (22%) suggested the VAT registration threshold (currently £83,000)
- 106 (10%) suggested £50,000
- 93 (9% of the total who responded to the question) suggested between £20,000 and £50,000
- 47 (4%) suggested £100,000
- 48 (5%) suggested a figure of over £100,000

9.24 Other comments made were:

- that the threshold should be based on profit not on turnover or gross income
- that £10,000 is too low because it is below the level of the current tax free personal allowance
- that £10,000 is too low a limit for landlords since in some parts of the country the rents from just one property exceed £10,000,
- perhaps consider a threshold for landlords by number of properties owned

9.25 The consultation document does not specify the number of businesses and landlords with income below £10,000 so we do not know how many businesses and landlords will be taken out of MTD by this measure. At this low level, we suspect it will mainly exclude hobby businesses, part-time businesses and landlords outside London and the South East with one rental property.

9.26 It is also not clear how the £10,000 will interact with the proposed £1,000 property income and trading allowances, ie does this mean that the threshold is effectively £11,000, as the first £1,000 is not taxed anyway?

¹⁸ See appendix one for more details.

¹⁹ See appendix one for more details.

- 9.27 In our responses to the simplification documents²⁰ we have cautioned against introducing new, standalone thresholds, because they introduce complexity.
- 9.28 There is an attraction, therefore, to setting the threshold at the existing VAT registration threshold (as favoured by 22% of our survey respondents), although we recognise this is quite a high threshold, and compounds the cliff-edge brought about by exceeding the VAT registration threshold.
- 9.29 Alternatively, a fixed threshold could be set at, say, £50,000, but which is not indexed. Therefore, over time its real value will reduce, effectively lowering the threshold over time as MTD beds in.
- 9.30 **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?**
- 9.31 In our view the mandatory introduction of MTD should be deferred for all businesses.
- 9.32 89% of respondents to our survey thought that the timeframe for introducing MTD should be extended.²¹
- 9.33 If this is not accepted, and turning to the specific question, we agree that the smallest unincorporated businesses should have an extra year before mandated. We believe that this deferral should apply for all unincorporated businesses and landlords with annual income below the VAT registration threshold (currently £83,000).
- 9.34 In our recent survey we asked members at what level they thought the upper threshold amount should be set for deferring entry into MTD for businesses and landlords with annual income above £10,000.²² 61.5% of those responding considered that an appropriate level would be the VAT registration threshold.
- 9.35 17% of members thought the upper limit should be set at a figure above £50,000 but at a different level to the VAT registration threshold. Views varied from £100,000 to over £500,000. Some members thought MTD should be deferred for all businesses and landlords.
- 9.36 Businesses that are already VAT registered are more likely to be keeping digital records already (although many will be using spreadsheets), and be familiar with quarterly reporting for VAT purposes. Moving to quarterly updates for Income Tax will be less of an upheaval for these businesses, and they should be able to cope better than smaller businesses, which do not currently have similar record keeping and reporting obligations.
- 9.37 Deferral for these small businesses will allow any difficulties or problems that arise with the new regime to be ironed out, thus ensuring that small businesses, for whom MTD is likely to have the greatest proportionate impact, will not be the 'guinea pigs'.

²⁰ With regard to a potentially increased threshold for the cash basis.

²¹ See appendix one for more details.

²² See appendix one for more details.

- 9.38 While the question focuses on the 'smallest unincorporated businesses', we are also concerned about larger unincorporated businesses. They are the first to be mandated into MTD, yet could have significantly more complicated affairs, and are likely to be reliant on complex Excel spreadsheets. The consultation for larger unincorporated businesses has not yet been published, and we understand that this will not now be released until early 2017. This short timescale is unlikely to give larger unincorporated businesses the time to consider the proposals, respond, await the government decision and implement any new IT or accounting systems in advance of the change.
- 9.39 **Question 37: Do you agree that the principles set out in Fig. 7.3 are the right ones to use in determining eligibility for an exemption? Are there any additional principles which should apply?**
- 9.40 The rules for eligibility for an exemption must be clearly defined and easy to understand, as well as the consequences for businesses who claim an exemption improperly.
- 9.41 Apart from the principles set out, other factors to consider may include:
- Whether a business can elect to come out of MTD if their income falls below the level of the annual income threshold.²³
 - What happens if a new business estimates their income in the first year as £9,000 (so as to be exempt from MTD), but the income is actually £15,000, or £150,000? Should it be based on the prior year's turnover?
 - What happens if a new business estimates their annual turnover as £20,000, but intends to draw up their first accounts for just a five month period?
 - What happens on successions of trade, either from an old to a new owner, or via incorporation of an unincorporated business. Does the turnover of the previous business need to be taken into consideration?
- 9.42 It must also be clear to businesses how to claim the exemption. For example, an individual who sets up as a self-employed business need not inform HMRC of that fact until 5 October within the business' second tax year. How will those businesses claim an exemption from MTD (or even know about MTD in the first place?).
- 9.43 **Question 38: Which additional groups (if any) should be exempt from the requirements to maintain digital records and to update HMRC at least quarterly?**
- 9.44 In our recent survey we asked members if they thought there should be any other types of business exempted from the requirements of MTD. We provided a free comment box for their suggestions. 412 members responded and their responses are attached in appendix two.
- 9.45 Specific business types that were mentioned were:
- Not for profit entities, such as membership organisations;

²³ Rather like a business can deregister from VAT when its turnover falls below the VAT deregistration threshold.

- Small community organisations/ clubs which are neither charities or CASCs but which operate through a limited company
- Trusts and estates with property income
- Farmers and those with very seasonal businesses
- Partnerships
- Bodies registered under the Industrial and Provident Societies Acts
- CICs
- Local Authorities
- Pension Schemes
- Non-profit residential property management companies
- Overseas businesses and landlords that otherwise have tax obligations in the UK
- GP partnerships/NHS Practices

9.46 Many members commented more generally about the scope of MTD. Relevant comments include:

- Older taxpayers should be exempted (eg over 60's)
- Landlords should be exempted in full
- Landlords with less than (say) 3 properties should be exempted.

9.47 With regard to the first bullet point above, we would recommend HMRC undertakes further research determine the risk of ageing taxpayers simply retiring because they will be unable to cope with the requirement to keep digital records.

10 Chapter 8. Initial Assessment of Impacts

10.1 **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.**

10.2 The CIOT is an educational charity so we believe that under the current proposals it will be exempt from the requirements to maintain digital records and update HMRC quarterly. We therefore have no comments on this question, or questions 40, 41 and 42, save for the following.

10.3 We think that there is also a real risk that MTD will stifle the entrepreneurial nature of a number of individuals as MTD will further raise the bar people have to jump over to become a start-up. Starting a new business or enterprise, or operating a business, will undoubtedly become more difficult and more costly as a result of MTD. There will be many individuals who simply take up paid employment instead of taking their own entrepreneurial steps. We believe that this is contrary to the wider aims of government.

10.4 However, on the positive side, as more software is developed, particularly if the cost of that reduces rather than increases, the opportunity for businesses and

agents to make some efficiencies may to some extent counter the additional costs. However, cloud software tends to give rise to a regular monthly cost, which can soon exceed the cost of non-cloud based software, so the overall costs, coupled with a higher volume of interaction, are expected to rise.

- 10.5 In many cases taxpayers would need to understand some of the fundamentals of accounting to be able to understand the prompts and nudges, so the benefit of these should not be overstated, particularly in the early stages of MTD, unless taxpayers receive adequate training. As a result many will want to continue to use agents.
- 10.6 **Question 43: Will particular businesses (eg partnerships) experience more difficulty in adapting to the changes? If so, please provide details, including any additional one-off costs or ongoing costs.**
- 10.7 Please refer to our response to Question 17.
- 10.8 **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?**
- 10.9 In our recent survey we asked members if they thought that compulsory digital record keeping and quarterly reporting would place an additional burden on their practice.²⁴ 89.47% said that it would.
- 10.10 We went on to ask a similar question to that posed by the consultation document, ie 'What effect will the changes being introduced by Making Tax Digital have on your own practice, for example what costs (initial and ongoing) might you expect to have to incur and/or what opportunities might it open up'?

We provided a free comment box and received 816 responses. These are reproduced in full in appendix two. Common themes were:

Costs/burdens

- Overall view was that these were impossible to predict accurately, since the difficulties that could arise will be numerous and incalculable at present;
- Purchase of new software and/or hardware;
- Training on new software products both for themselves, their staff and their clients;
- It is likely that staff will need to be trained on a variety of different software programmes since not all clients will be using the same software products;
- Restructuring of business and staff as may need different levels and types of staff;
- Cost of new junior-level staff to deal with the increased amount of 'book-keeping' type work which will be associated with clients who will need help with their digital record keeping and quarterly updates;
- Loss of clients due to increased fees and/or clients wanting to do things themselves rather than use an agent;

²⁴ See appendix one for more details.

- Unknown amounts of time to familiarise and educate themselves and their clients with the new regime;
- Increasing amounts of compliance work which they may or may not be able to pass on to clients;
- Increased workload and associated pressures may be unmanageable, particularly in the years of transition;
- Changing work patterns in order to comply with the number of new reporting deadlines, eg difficulties over December with lots of bank holidays and annual leave being taken to give a high-profile example;
- Problems associated with being unable to access clients' DTAs if HMRC do not sort out agent authorisation processes in good time.

Opportunities

- Likely to bring in more work and clients but it will be low level/number crunching work rather than added value/advisory work;
- Will be more immediately informed of a client's business on a day to day basis and will be able to offer pre-event advice and strategy rather than post event sorting

Several members commented that they will be accelerating their retirement plans as a result of the introduction of MTD. We also understand that practices are already looking to recruit and train additional personnel, including tax advisers, administrators, tax and accounting technology specialists through to project managers to help with the implementation of new processes across large firms.

- 10.11 We expect that a small percentage of agents will need greater support in order to adapt and deal with their own records as well as the servicing of their clients as some do not currently have high levels of digital engagement. Their clients will also tend to be those who are less digitally capable and therefore will potentially have more of a challenge moving to digital record keeping.
- 10.12 Agent access to digital tax accounts, client software and agent authorisation remains unclear and is yet to be tested. Agents need good access to records to provide accurate advice and maintain client compliance. Without it clients may request agents log in as them to deal with matters - we currently advise against this.
- 10.13 Cyber security will become a bigger issue where agents have shared access to client records. Agent shared access with client software will become even more complex where a client has several agents.
- 10.14 Agent's software will need to allow them the link to multiple different client software packages.
- 10.15 Some agents will have the challenge of moving large numbers of clients from manual records to digital records all at the same time. Ensuring the software is available early and having an early follow up on points raised on the consultation will give agents certainty and improve their planning to bring clients into the digital platform.

11 Acknowledgement of submission

- 11.1 We would be grateful if you could acknowledge safe receipt of this submission, and ensure that the Chartered Institute of Taxation is included in the List of Respondents when any outcome of the consultation is published.

12 The Chartered Institute of Taxation

- 12.1 The Chartered Institute of Taxation (CIOT) is the leading professional body in the United Kingdom concerned solely with taxation. The CIOT is an educational charity, promoting education and study of the administration and practice of taxation. One of our key aims is to work for a better, more efficient, tax system for all affected by it – taxpayers, their advisers and the authorities. The CIOT's work covers all aspects of taxation, including direct and indirect taxes and duties. Through our Low Incomes Tax Reform Group (LITRG), the CIOT has a particular focus on improving the tax system, including tax credits and benefits, for the unrepresented taxpayer.

The CIOT draws on our members' experience in private practice, commerce and industry, government and academia to improve tax administration and propose and explain how tax policy objectives can most effectively be achieved. We also link to, and draw on, similar leading professional tax bodies in other countries. The CIOT's comments and recommendations on tax issues are made in line with our charitable objectives: we are politically neutral in our work.

The CIOT's 18,000 members have the practising title of 'Chartered Tax Adviser' and the designatory letters 'CTA', to represent the leading tax qualification.

The Chartered Institute of Taxation
7 November 2016

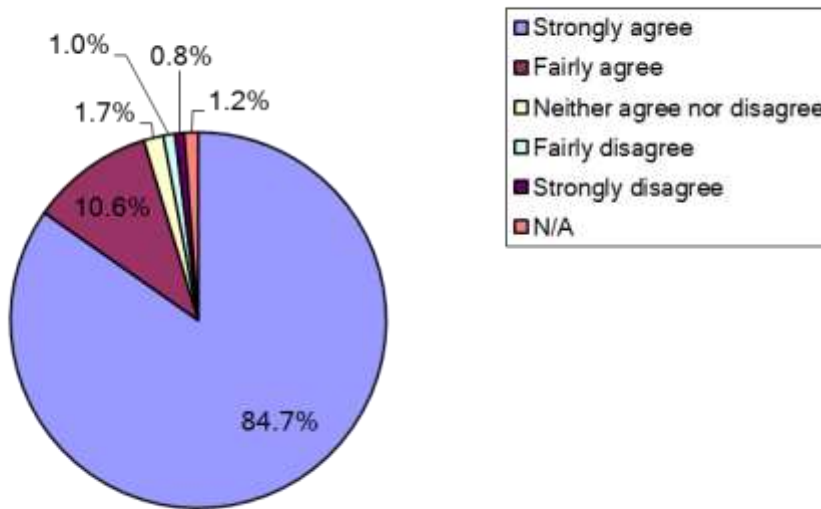
Appendix One

Relevant CIOT / ATT survey questions and responses

Summary responses

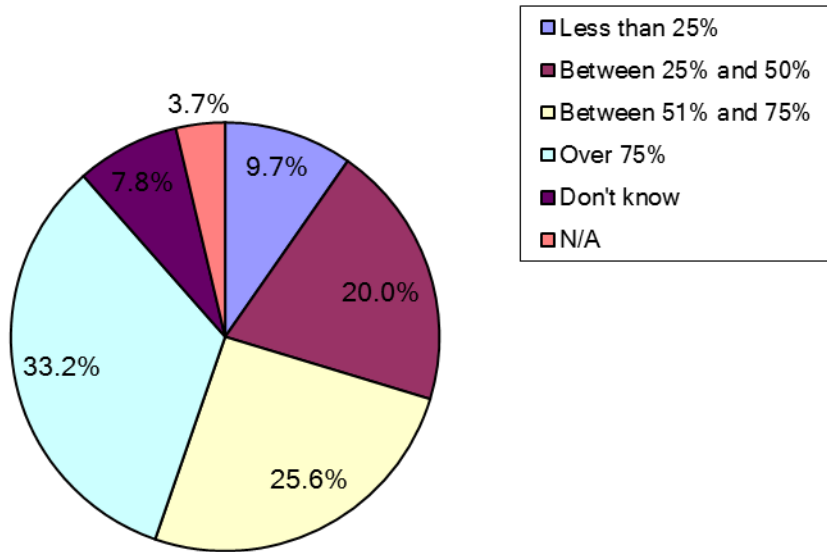
Chapter 2. Acquiring Digital Tools

‘To what extent do you agree or disagree with the following statement? “Compulsory digital record keeping and quarterly reporting will place an additional burden on my clients“.



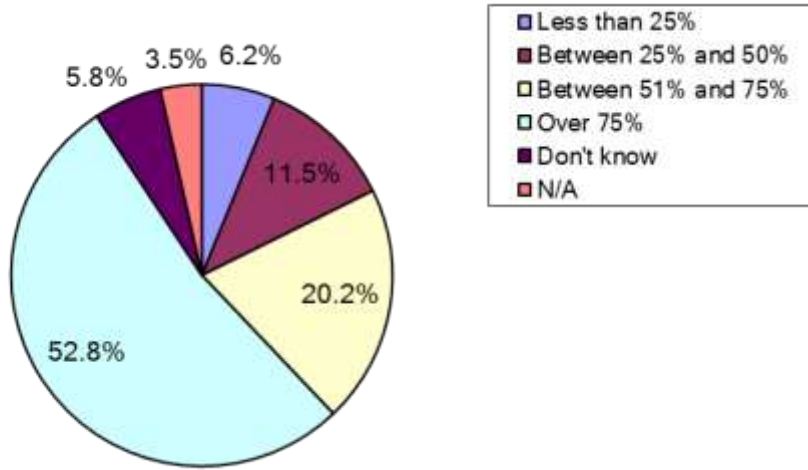
Answer Options	Response Percent	Response Count
Strongly agree	84.7%	889
Fairly agree	10.6%	111
Neither agree nor disagree	1.7%	18
Fairly disagree	1.0%	10
Strongly disagree	0.8%	8
N/A	1.2%	13
<i>answered question</i>		1049
<i>skipped question</i>		33

‘This question refers to your clients who will have obligations to keep digital records and file quarterly reports with HMRC for Income Tax, VAT and/or Corporation Tax. Approximately what proportion of these clients will need to move from paper/hard copy accounting records to digital records?’



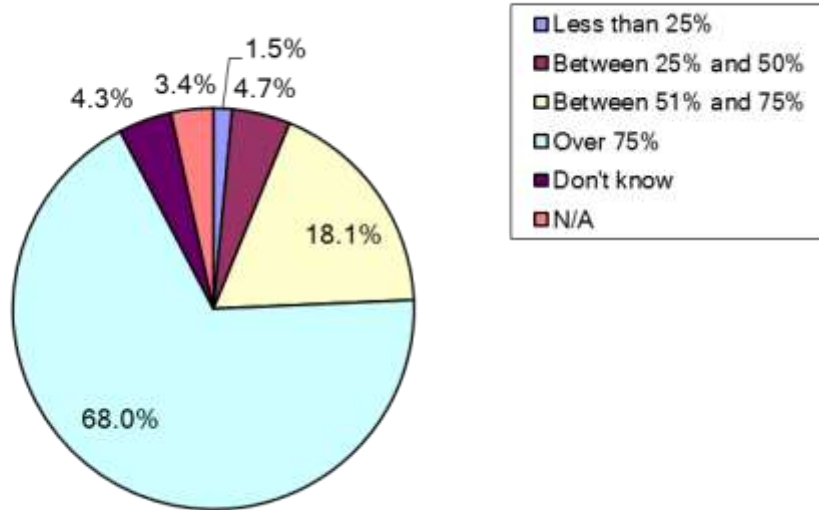
Answer Options	Response Percent	Response Count
Less than 25%	9.7%	104
Between 25% and 50%	20.0%	214
Between 51% and 75%	25.6%	274
Over 75%	33.2%	355
Don't know	7.8%	83
N/A	3.7%	40
answered question		1070
skipped question		12

‘This question refers to your clients who will have obligations to keep digital records and file quarterly reports with HMRC for Income Tax, VAT and/or Corporation Tax. Approximately what proportion of these clients will need help with moving to digital record keeping?’



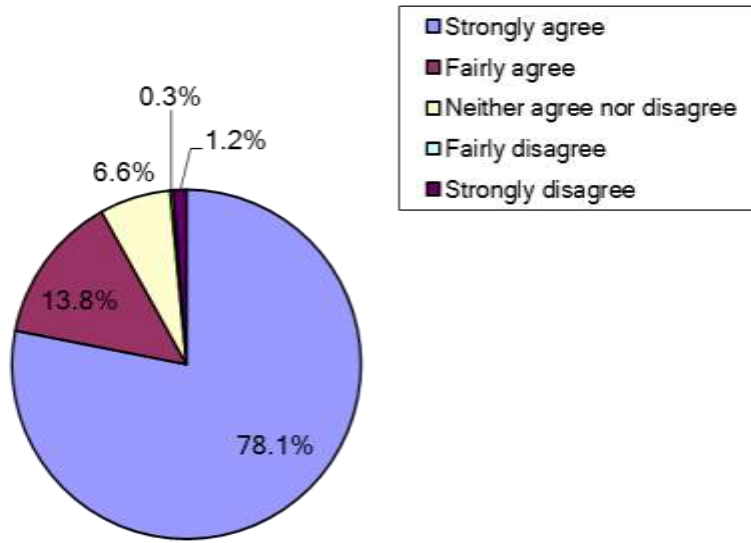
Answer Options	Response Percent	Response Count
Less than 25%	6.2%	66
Between 25% and 50%	11.5%	123
Between 51% and 75%	20.2%	216
Over 75%	52.8%	566
Don't know	5.8%	62
N/A	3.5%	38
<i>answered question</i>		1071
<i>skipped question</i>		11

‘This question refers to your clients who will have obligations to keep digital records and file quarterly reports with HMRC for Income Tax, VAT and/or Corporation Tax. Approximately what proportion of these clients will need help with their Making Tax Digital reporting obligations, including filing their quarterly updates with HMRC and completing their ‘End of Year’ activity?’



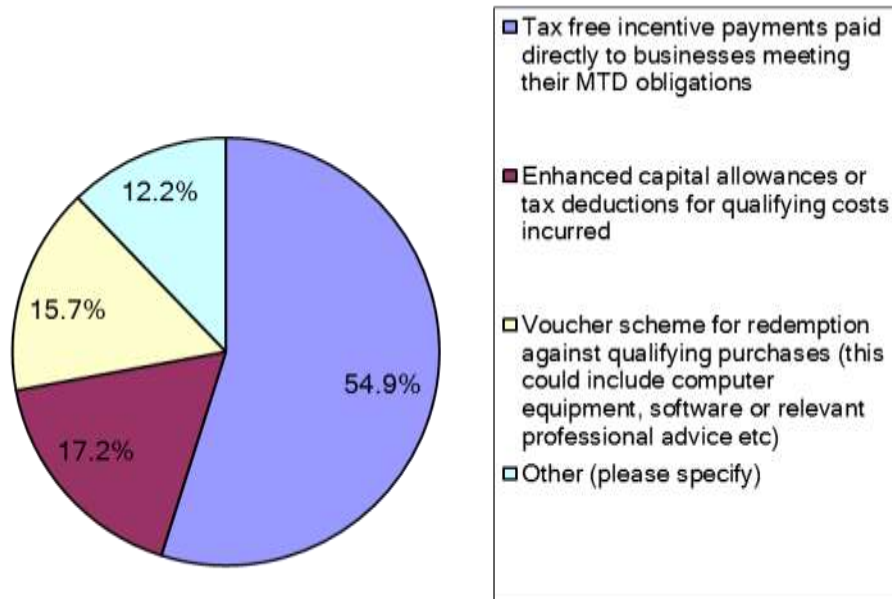
Answer Options	Response Percent	Response Count
Less than 25%	1.5%	16
Between 25% and 50%	4.7%	51
Between 51% and 75%	18.1%	195
Over 75%	68.0%	733
Don't know	4.3%	46
N/A	3.4%	37
<i>answered question</i>		1078
<i>skipped question</i>		4

‘To what extent do you agree or disagree with the following statement? ‘If these proposals are introduced, HMRC should let advisers keep digital records and file quarterly reports on behalf of their clients’.



Answer Options	Response Percent	Response Count
Strongly agree	78.1%	830
Fairly agree	13.8%	147
Neither agree nor disagree	6.6%	70
Fairly disagree	0.3%	3
Strongly disagree	1.2%	13
<i>answered question</i>		1063
<i>skipped question</i>		19

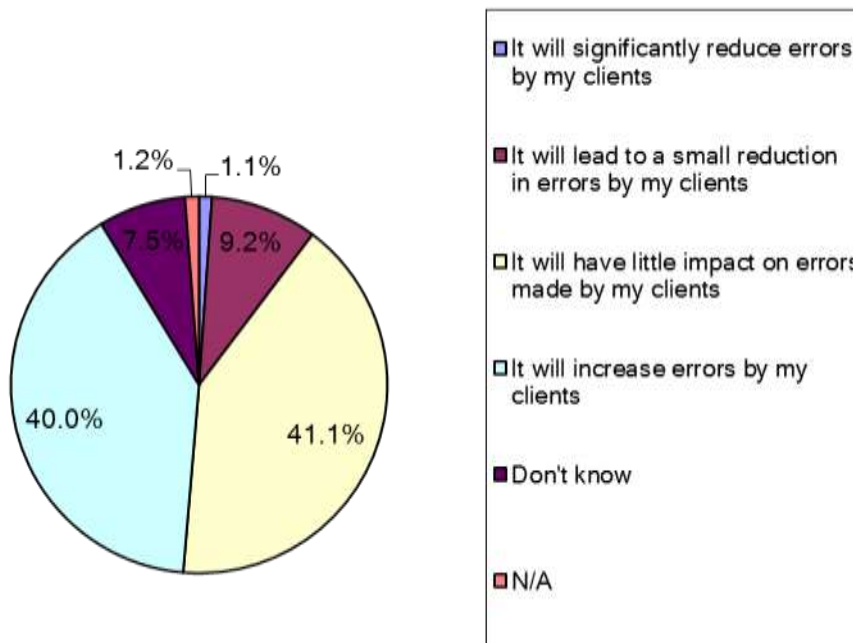
‘HMRC is seeking views on what financial support it might be reasonable for the government to provide to businesses in relation to the transitional costs of investing in new IT equipment, software and training to meet their Making Tax Digital obligations. Please tick your preferred choice’.



Answer Options	Response Percent	Response Count
Tax free incentive payments paid directly to businesses meeting their MTD obligations	54.9%	573
Enhanced capital allowances or tax deductions for qualifying costs incurred	17.2%	179
Voucher scheme for redemption against qualifying purchases (this could include computer equipment, software or relevant professional advice etc)	15.7%	164
Other (please specify)	12.2%	127
<i>answered question</i>		1043
<i>skipped question</i>		39

Chapter 3. Digital record keeping

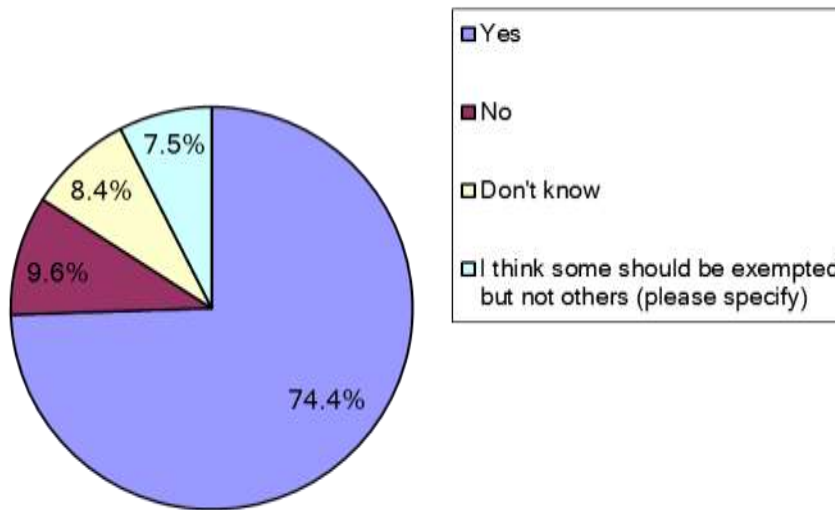
‘What effect do you think that compulsory digital record keeping and quarterly reporting will have on reducing errors by your clients?’



Answer Options	Response Percent	Response Count
It will significantly reduce errors by my clients	1.1%	12
It will lead to a small reduction in errors by my clients	9.2%	98
It will have little impact on errors made by my clients	41.1%	440
It will increase errors by my clients	40.0%	428
Don't know	7.5%	80
N/A	1.2%	13
<i>answered question</i>		1071
<i>skipped question</i>		11

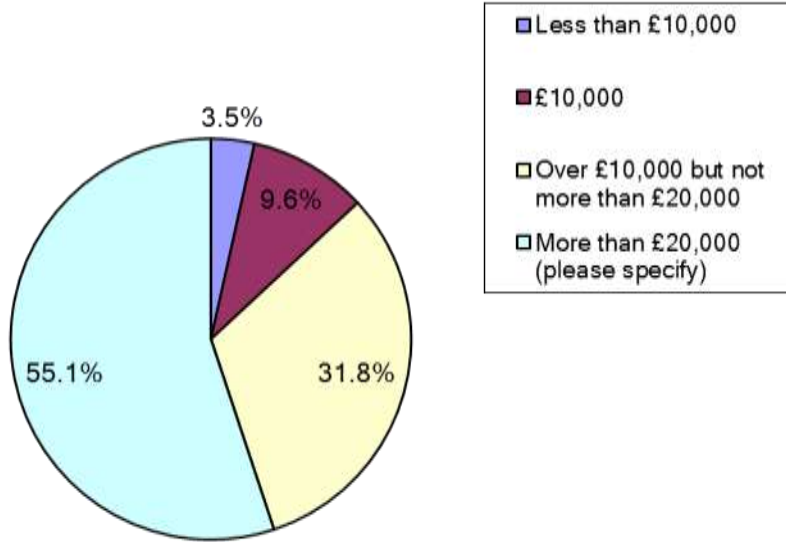
Chapter 7. Exemptions

‘HMRC are considering exempting certain businesses from the requirements of Making Tax Digital altogether, for example, charities, charity trading subsidiaries, Community Amateur Sports Clubs, insolvent businesses and insolvency practitioners managing the affairs of an insolvent business under insolvency rules. Do you think that these types of businesses should be exempted?’



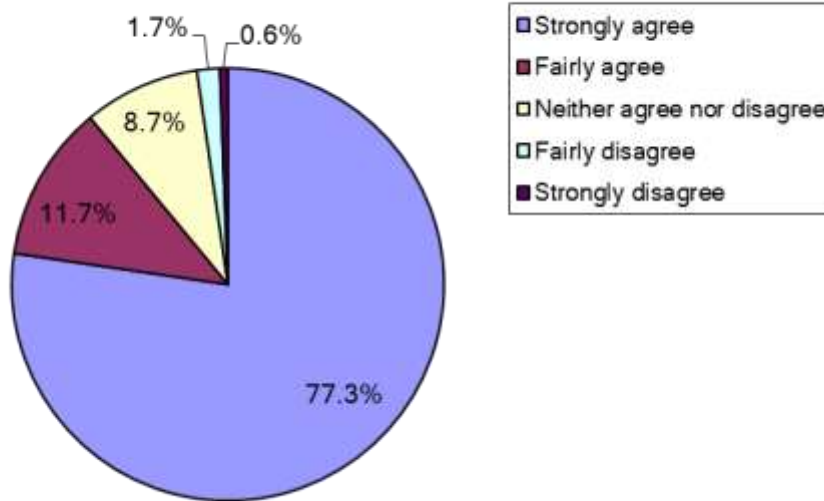
Answer Options	Response Percent	Response Count
Yes	74.4%	802
No	9.6%	104
Don't know	8.4%	91
I think some should be exempted but not others (please specify)	7.5%	81
<i>answered question</i>		1078
<i>skipped question</i>		4

‘All unincorporated businesses and landlords with annual income below a threshold will be exempted from the requirement to keep digital records and make regular updates to HMRC. HMRC are proposing that the threshold should be set at turnover or gross income from property under £10,000 per annum. What do you think should be the threshold amount?’



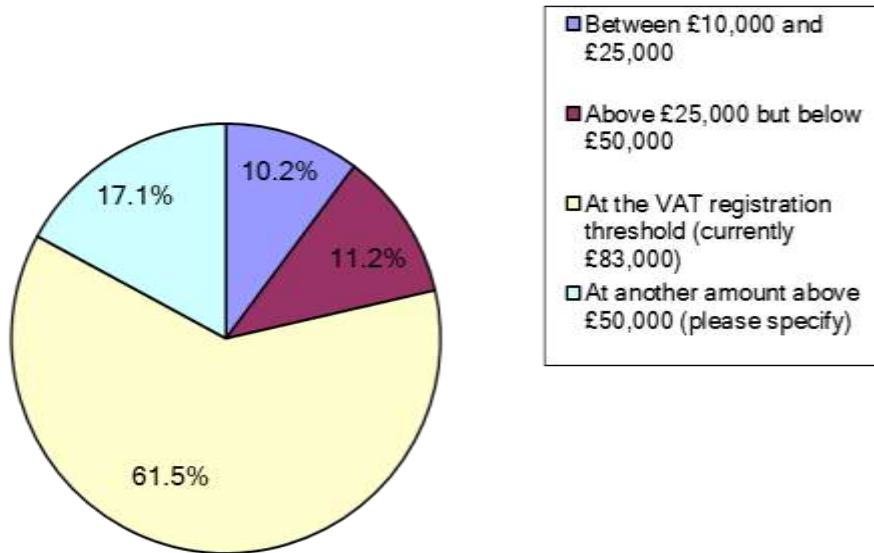
Answer Options	Response Percent	Response Count
Less than £10,000	3.5%	37
£10,000	9.6%	101
Over £10,000 but not more than £20,000	31.8%	336
More than £20,000 (please specify)	55.1%	581
<i>answered question</i>		1055
<i>skipped question</i>		27

'To what extent do you agree or disagree with the following statement? 'The Government should consider extending the current timeframe for introducing quarterly reporting'. (The current timeframe is Income tax - April 2018, VAT - April 2019 and Corporation Tax - April 2020.)'



Answer Options	Response Percent	Response Count
Strongly agree	77.3%	834
Fairly agree	11.7%	126
Neither agree nor disagree	8.7%	94
Fairly disagree	1.7%	18
Strongly disagree	0.6%	7
<i>answered question</i>		1079
<i>skipped question</i>		3

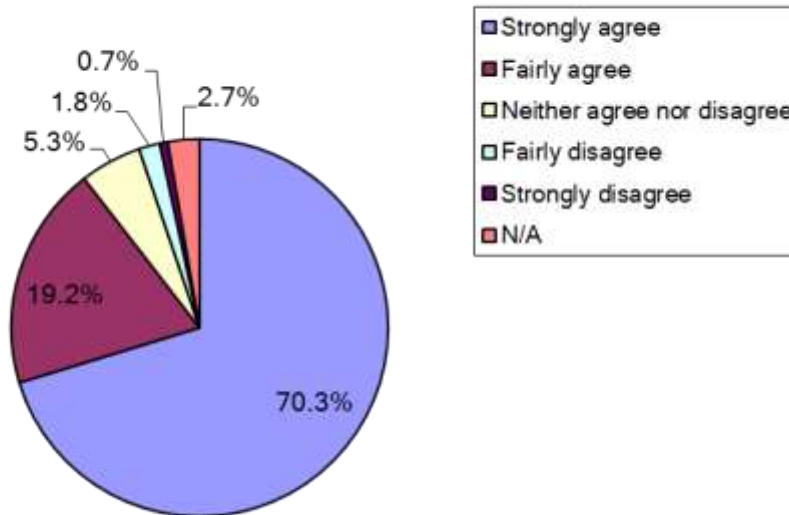
‘HMRC are proposing to defer the introduction of Making Tax Digital obligations by one year for a limited group of businesses and landlords with annual income above £10,000 but below a defined upper income threshold. At what level do you think this upper threshold should be set?’



Answer Options	Response Percent	Response Count
Between £10,000 and £25,000	10.2%	108
Above £25,000 but below £50,000	11.2%	118
At the VAT registration threshold (currently £83,000)	61.5%	649
At another amount above £50,000 (please specify)	17.1%	180
<i>answered question</i>		1055
<i>skipped question</i>		27

Chapter 8. Initial Assessment of Impacts

'To what extent do you agree or disagree with the following statement?' Compulsory digital record keeping and quarterly reporting will place an additional burden on my practice.'



Answer Options	Response Percent	Response Count
Strongly agree	70.3%	754
Fairly agree	19.2%	206
Neither agree nor disagree	5.3%	57
Fairly disagree	1.8%	19
Strongly disagree	0.7%	8
N/A	2.7%	29
<i>answered question</i>		1073
<i>skipped question</i>		9

Appendix Two

Relevant CIOT / ATT survey questions and responses

Detailed responses

‘What do you think would make it easier for your clients to comply with their obligations under Making Tax Digital? Please use the comment box below.’

much higher threshold for quarterly reporting and leave the majority of small businesses and taxpayers to file annually
Let agents do everything on their behalf.
More time to implement and greater agent involvement.
The ability to file using standard spreadsheets. The software to be available at least 6 months prior to compulsion so we can educate our clients in its use and get them set up to use it. Improved broadband in terms of speed which can be accessed by smartphone technology to assist our clients and ourselves to access HMRC records.
Let them use excel, or HMRC portal allows them to do it,
Nothing - it interferes with their business
Just doing a year end declaration
Clear explanations of the benefits to the client of digital record keeping, eg ability to run basic analysis of P&L and cash flow much quicker and closer to real time compared to paper or messy Excel records. Ensure strong link between quarterly updates and VAT returns is strong (already proposed in consultation) - for VAT registered businesses this should reduce additional effort (transfer of effort from VAT compliance to general quarterly digital tax compliance).
Delaying the process, particularly for the smallest businesses, and allowing accountants to prepare, review and submit on behalf of the clients.
Abolish quarterly reporting: it can give no information of value because all businesses are cyclical to a greater or lesser degree and dependent on uncontrollable emotional, meteorological and political factors: the result for Quarter 1 are very rarely equal to one fourth of the full year.
If the reporting could be uploaded from an excel spreadsheet rather than having to use other software
Simplifying the reporting requirements
Making it an annual requirement rather than quarterly.
Agent access to online account
Digital reporting, once a year by their accountant, the quarterly reporting will require a lot of additional accountant input and add further deadlines and pressure to all. Once a year is surely enough, and tax is paid on account anyway so they get the tax flow in already.

It will be difficult for businesses to know which is the best software package to use. If there were software modules or packages specific for each sector, to address sector issues eg partial exemption, this could help make the transition easier.

Smaller businesses would also be concerned about the time and costs involved in implementing the new software, so tax free incentive payments to businesses from the government or tax reductions are likely to encourage businesses to commence the transition and sign up for the trial. For those without existing access to IT equipment or internet services eg rural committees or those working offshore, access to government grants or discounted equipment would be helpful to enable them to make the transition.

Online training sessions or workshops could be beneficial, providing businesses are not too busy to attend. Pre-recorded webinars and training which can be accessed day or night would be beneficial. Also, free online guidance or leaflets/booklets advising on the appropriate software for each type of business could be useful. We realise that HMRC do not endorse or recommend products, however, categorising them into their target market eg SME or large business would help direct businesses to the right type of product to suit their needs and budgets.

Since the quarterly data submissions (list of sales and purchases) to HMRC is a new requirement, it will probably be easiest if the level of summary data to be submitted is the same for all businesses to begin with. It could then become more detailed for larger businesses once traders and agents become accustomed with the software.

Clear guidance will also be required from HMRC on the minimum data fields that they expect to see in the reports, as no two businesses are the same when setting up their accounting software. The tax coding used within the products will also differ between products and most software packages allow these to be user defined. Guidance on what information HMRC will need about the business eg tax coding setup, should be clear from the outset, to avoid delays in returns being repaid due to further information being request and processed by HMRC when the system is fully up and running.

There is a suggestion that EC Sales Lists may be submitted as part of the quarterly data as opposed to a separate submission; this is likely to be advantageous to small businesses, as these can often be overlooked.

Clarity on whether Intrastat returns will also be submitted in this manner alongside the EC Sales Lists would be helpful and these can often be more time consuming to pull together.

HMRC provides free software

Increasing the threshold thus taking more out of the requirement to do so.

Make the Returns once a year instead of quarterly.

Increasing the income/turnover limit to the VAT registration threshold requirement for the requirement to comply with the new quarterly reporting obligation.

Allowing spreadsheets to be used to provide quarterly updates.

Not introducing it.

keep reporting annual

do not force them to do absolutely everything digitally

have a higher de minimis for small businesses

HMRC living in the real world and understanding the pressures on running a business with the ever increasing compliance burden, with an ever decreasing ability of the HMRC to serve its customer base. There are not enough trained people in HMRC to deal with queries. Digitisation is placing as much burden outside HMRC as possible with penalties for what is a complex taxation system.

Ability to delegate to agents.

To extend the date by which it is brought in so that there is plenty of time to implement the changes.

If tax is staying on an annual basis why have quarterly reporting?

More time to get to grips with any changes - April 2018 is too soon

<p>Training clients in how the process works and how to use the new software which will be required is vital. Unfortunately undertaking this training from a third party provider will likely be expensive and a further burden on clients finances.</p>
<p>The exemption levels are too low and very small businesses, such as tradesmen, are brought in to the system. Detailed quarterly reporting is a completely disproportionate burden</p>
<p>Free software or allowing the use of spreadsheets.</p>
<p>To submit reports annually rather than quarterly</p>
<p>Agents definitely need to be at the heart of this able to do everything on a client's behalf. Clients are too busy running their businesses to handle this which is why they pay us. For something this fundamental, a very prolonged period of consultation with the profession should be undertaken followed by pilot schemes with a sensible introduction date of 2020 aimed for. I think with Brexit and a productivity crisis, the economy could do without this sort of upheaval.</p>
<p>Soft implementation, start with the VAT registered clients who are used to filing quarterly and encourage others with incentives initially.</p>
<p>Making it voluntary.</p>
<p>Allowing Agents to be more involved in the submission process.</p>
<p>Easy to use software, a lot of this will be down to the free software and how use-friendly it will be.</p>
<p>Free computers</p>
<p>Free software</p>
<p>Free training</p>
<p>Longer lead time</p>
<p>Making a short return of figures such as the current VAT filing requirement as that would make meeting their obligations much easier, as they would not necessarily have to change their book keeping method, as even those who are computerised are likely to have to change their desktop system.</p>
<p>Why is MTD needed? The current system is not broken. HMRC have no idea as to what they are doing or how to implement it. This will be a serious burden on taxpayers and their agents for no benefit in return. It needs to be scrapped.</p>
<p>Introduce a phased 5 year voluntary take-up similar to RTI and advertise heavily through all mediums.</p>
<p>Greater assistance from HMRC</p>
<p>If there is scope for us as tax agents to amend the prepopulated entries made by HMRC [with suitable warning notices]</p>
<p>This is too big a question to answer. Nothing will necessarily make it easier. It just needs to be considered for longer and introduced more gradually.</p>
<p>More time, more knowledge, more information</p>
<p>Longer time scale for introduction, more exemptions for small businesses (one man bands),</p>
<p>removal of compulsion for first few years</p>
<p>We need more detailed info on what will be required as soon as possible in order to assess the work needed</p>
<p>Free software being provided, but for some clients even that is not good enough as they are IT illiterate</p>
<p>Longer timeframe and exemption for micro business's as many still struggle with basic book-keeping</p>
<p>Extending the cash basis is the most obvious way of simplifying the compliance burden. The issue is where to set the threshold. How about linking it to the Flat Rate Scheme for VAT? The aim of both schemes is to simplify compliance for small businesses.</p>
<p>A much longer timescale for introduction, to allow full testing and evaluation of suitable software.</p>
<p>A universal tax software to upload the information</p>

There are far too many questions remaining unanswered in the consultation documents with little mention of agents therefore any new scheme needs to be brought in only after a far longer consultation period and extensively piloted before making mandatory
Allow data to be transmitted in excel format
Businesses will need to incur additional time, certainly on introduction, There should be some sort of tax reduction to recognised the additional costs in man hours required
A soft landing process where there are no penalties imposed for at least 5 years.
A properly structured plan with fully tested software available free, with trial periods in order to test ease of compliance.
Agents must be able to undertake all requirements on behalf of clients for Making Tax Digital. Where clients choose to undertake the quarterly submissions themselves safe guards must be in place to ensure the software highlights potential error and this software must be available free under the requirements of MTD.
Nothing will make it easier, as it involves additional work and time.
Getting help from their agent.
Simply not having to do it. The digital world will be embraced by everyone, as the population ages, but right now this is not practical.
reduced reporting requirements, such as only turnover, rather than full P&L
Easy to use software
Only need to submit once per year.
More time to organise themselves
N/A
Allowing agents to do this on behalf of clients.
Phase them in while we have the time to offer training and support. We have been trying to get everyone in the cloud for years so this will help
It is madness - if this comes in 50% or more of our clients will be forced to close their business.
Allowing agents full access to clients Digital Tax Accounts.
Being allowed to scan in their paper books (some still just have a paper cashbook)
Not needing accounting software
As few entries as possible as they use excel to keep records
Clients are unaware of the obligations and have not received any information on the new system. The clients would need money to buy the new computers and software, unless free software is available and sufficient time to learn the new regime. The deadlines do not provide sufficient time for clients to learn all the new requirements.
Making it non-compulsory.
Software than clients and agents can use which will feed into HMRC systems.
A VERY plain English 'idiots' guide into how to do it, diagrams, examples - but in simple to understand terms
HMRC pre-populating where information provided directly from PAYE records & Banking data
More communication. Most small businesses and landlords seem unaware of the changes.
Increase threshold for quarterly reporting to vat threshold
It is not clear (to me) how soon after receiving a voucher it needs to be recorded digitally under the proposals. If this can be done quarterly, or at a minimum monthly that would help clients to comply.
A dedicated website written in plain English with clear instructions and examples
Quarterly reporting is too time consuming for most small businesses who normally write up their records in order to submit their tax return each year. Digital quarterly reporting puts an additional constraints on their time.
Allowing agents direct access to the digital account so that we can complete and upload the quarterly updates.
Agent has direct login to their accounts. Obligation removed for Landlords, with property portfolio below a certain number ie 2

Being able to keep manual records or spread sheets and to report summary figures via an HMRC portal similar to that for a VAT return
Allow spread-sheets data to conform with MTD
It would be much easier if Excel was accepted as a digital format, as most use this.
Raise the threshold significantly so only annual reporting is required as is the current position
Clear and timely guidance from HMRC on the software which will be available and how it can be used so that they have time to consider what to do.
Allowing agents to deal with all aspect on behalf of their clients
HMRC need to ensure that, for the quarterly updates, they allow spreadsheets. It will be hard enough getting 'paper based' clients onto spreadsheet bookkeeping but many of our clients simply will not cope with bookkeeping packages - they are difficult even for some of our more savvy clients!
Clear information from HMRC to the taxpayer/client that this is happening, that they must comply and they should work with their accountant to get them ready for MTD
Allowing agents to handle the process so economies of scale and concentration of expertise can help the process. forcing my clients to use digital records will lead to a nightmare of trying to correct mistaken entries
Better information in the media from HMRC
We don't really know what is required yet.
Exempt all businesses with a turnover of below £250,000
The ability to delegate record keeping and compliance in full to their agents including setting up tax accounts.
Move towards Making Tax Digital but with yearly reporting. Quarterly reporting seems to be an expensive exercise for OMBs
Support in the provision of the appropriate software
Unsure. Don't have enough information.
Allow clients who use non-standard software to submit digital summaries on spreadsheets
Allowing accountants to make periodic submissions on the client's behalf, but not necessarily by quarterly deadlines.
Free software and free training
Total exemption
Agents being able to maintain and file on their behalf.
Incentives for early take up.
Allowing clients to use spreadsheets would help
The client should be given the option to file digital or not, also this should be able to do this via their chosen agent.
A comprehensive marketing and education campaign by HMRC.
Financial assistance available to clients to help them invest in the required software.
Inclusion and involvement of agents at an early stage.
Raising the gross income threshold at which MTD applies to £50,000 (or even to align it with the VAT registration level).
A 'light touch' from HMRC initially.
An easily accessible and properly staffed HMRC helpline to assist with day to day issues.
Superfast broadband, bookkeeping grants, a robot or more staff
More time
I don't think that anything would. I think that they will need their hands held throughout.
There is no merit in the quarterly reporting they can file at 31 January just like now. No one has asked for this. It is the solution to the problem that did not exist.

More time!!!
Also:
Further exemptions for small businesses - £10000 is a joke; try £100000.
Extended time frame
Simplified reporting
Free software
If they could use an Excel spreadsheet
Make it easy for the accountants to have agent access and make submissions on the client's behalf.
HMRC standard software
Increase the thresholds for quarterly filing. Just ask clients to make estimated on account payments quarterly and file paperwork annually. Quarterly reporting makes no sense.
Free seminars that are not technical but in a client friendly style
Annual reporting.
Ensuring that it is easy for clients to give authority to agents in the first instance, and for agents to assist with the filing
Agents able to access the accounts
Leave the country. This is rubbish, the fascist state intervening, trying to control everything, when it has failed to control the black economy. The FSB guy is a quisling.
A phased introduction starting with larger business, as they are currently more capable with dealing with the additional administration burden.
Increase the turnover level at which it becomes compulsory to become digital. Localised HMRC seminars for advisers and clients.
Training courses funded by the Government.
Less frequent reporting. Annual is perfectly acceptable for most clients. Any that want more real time information do management accounts! There is no benefit to the client of quarterly reporting.
Being able to use spreadsheets
Clear guidelines.
Agent access to HMRC client account. Clear communication from HMRC distilling fact from fiction.
I think the ICAEW should get a backbone and say NO to the idea of MTD!!! It is definitely going to put an enormous burden on businesses and accountants.
Make it voluntary for small companies and non incorporated businesses
Full agent access
Creating extra hours in the day
Giving up hope of work/life balance
Free presentations by HMRC on a local basis
cannot think of anything
SMB and Sole traders will struggle to comply regardless as this is an extra burden over and above them running their business
More time
Grace period for non charging of penalties
More clarity about how clients move from being taxed in arrears to being taxed in real time
Understanding how agent access to your clients digital records will work, particularly for a Big 4 firm which has thousands of clients but only certain staff members working on certain clients

Free software.
CLEAR examples of what input is requested, and
HOW to input the data
A voluntary moving period where early adopters suffer the teething problems rather than everybody
More time to get used to the new system. Reporting made six monthly rather than quarterly. Help with acquiring appropriate software.
Annual accounts.
Keep the filing requirements at once per year not 4 times per year otherwise many will be spending more time on admin than earning a living.
Give them a computer and show them how to use it.
Raising the threshold for digital reporting to match the VAT threshold.
A real life example of how this would work, using actual software that will be used to comply with the obligations. A client will need to see this before they can assess (and we can assess) whether they can comply with their obligations confidently, completely and accurately.
Ability to delegate the responsibility to a tax agent
Allowing agents access to digital accounts and allowing agents to file data on their behalf.
Agents to have access to the HMRC digital accounts.
It's such a bad idea and will be almost impossible for many of my clients, so it's hard to think of what will make it easier
Easy access for agents to the digital accounts of clients.
CANCEL THE WHOLE PROJECT
The ability to use Excel spreadsheets, perhaps using standard templates set by HMRC
Most clients do not want to get involved - so for them I can't think of any incentive.
Agent ability to make quarterly reports, including property agents for rental properties.
Annual reporting
Nothing. It will be a disaster!
Considerably longer implementation period. Exemption for any clients not VAT registered.
The process should be started with the largest businesses who will already have robust systems in place for quarterly reporting and then slowly rolled out to smaller SMEs
The filing should be done annually either by Client or Client's agent
HMRC should provide software for small businesses (similar to basic tools for PAYE).
No reliance on third party software.
Delay the introduction and make it a soft landing so no penalties and may be incentives to file digitally (a bit like RTI)
Clearer instructions
Many respondents will say 'get rid of MTD completely' but this is not going to happen. They haven't spent thousands in computer staff to give up now. What will make it 'easier' is to change the timescale of submission. A month is not long enough. Quarterly VAT submissions at 6 weeks is difficult enough. HMRC assumes that clients will do their own quarterly submissions (they won't - they will forget) with agents coming along at the end. HMRC needs to listen to agents and should have done so right at the beginning but what is done is done. What will make it easier for all is allow more time to submit. Why 5 returns? Why not 3 times a year? Of course we all know why - to fit in with universal credit for a start.
Scrapping it
More time to prepare, and the confidence that other, more IT literate, taxpayers had trodden the ground before them and ironed out any issues.
The initial reaction from clients is puzzlement about why I'm briefing them on this subject at all. Most of them assume that I will be setting up their digital accounts and dealing with everything they need to do to go digital. When I explain that so far HMRC haven't provided proper agent access they are surprised and annoyed. Full agent access as early as possible to the new digital accounts rather than the 'up to 5 helpers/helpees' set up.

They will need to become computer literate.
More exemptions for personal tax and small businesses
If our clients comply directly, they will no longer be clients. So I'm not sure what you mean by the question. Sorry:-(
More Time. The proposals are being rushed. We are only 18 months from implementation yet HMRC's systems are not up and running yet - HMRC's system should be working fully and tested at least 12 months before implementation to give developers time to write the appropriate commercial software and apps; and electronic filing should be voluntary for at least 24 months to allow the commercial software to be fully bedded in.
simple and clear rules
I have no idea!
Increase the limit for exemption
Make MTD voluntary
Exempting Micro entities who mostly have limited digital skills
If we as agents can take the burden of compliance and filing from them. Also funding for hardware, software and training.
allowing advisers to transfer totals from spreadsheets to returns required
GIVE CLIENTS THE OPTION TO COMPLY OR NOT COMPLY
A longer introduction period and better internet connections
secure email to be available with named individuals and teams within HMRC at all times in both directions - HMRC not to use web forms unless these can be downloaded and filled in by computer offline
I understand that if there is an error in HMRC details it is up to the client to contact the provider of that information and ask that they make amendments. This is not practical and is dangerous. An agent should be able to make appropriate changes with additional information if necessary.
Not sure. Scrapping the idea?
Very clear obligations with regard to thresholds for involvement ie £10k gross income for needing to be digital. Otherwise HMRC are asking clients to make decisions on deductions to see if they are eligible for exemptions.
Assistance with computer software and associated costs
Scrap the proposals completely , they are totally pointless and achieve nothing
Extending the exemption turnover limit to keep the
smallest businesses out of the requirements
Accountant being able to make submissions on their behalf
File once a year with accurate figures
Direct guidance from HMRC
I think that the whole idea is flawed. Costs for clients will increase substantially as they all need assistance in finalising figures and claims.
A good simple software package provided by HMRC for all to use
Use the VAT threshold as the base figure. Make sure software providers do not increase their price.
6 monthly reporting instead of quarterly
Extended time limit for regular submissions.
Moving the deadline for the Year End Reporting from 31 December to 31 January
Annual reporting
Free computers and internet access!
Make one submission per annum.
Allow agents to file reports on behalf of clients.

Make the client's digital tax account fully accessible by agents so that we can assist with all aspects of the reporting requirements. If we can see everything that the client can see then we will be able to assist with many more queries from clients in an efficient manner.
If agents could keep the records and submit for them
Longer introduction period without penalties being applied.
Don't know
Make all professional fees deductible for tax purposes, as in the USA, which HMRC copies in many other respects.
I believe that quarterly reporting should be scrapped, unless it takes the form of a VAT type Return, with simply turnover and expenses return (and no VAT unless registered). I cannot see the point in adding extra reporting obligations to an already beleaguered tax demographic
As they are represented taxpayers, anything that can be done to allow us as agents to prepare and submit forms/information/data on their behalf would be useful, as it is frustrating when individuals and businesses engage agents to keep them compliant, yet are unable to do everything necessary to do so.
Only yearly submissions.
Allow them to use an excel spreadsheet to upload info
just improve current system
Easy access for agents to client's digital accounts.
simplification of underlying rules - some of which contained in proposals within current consultation
easy to use software
some way of linking spreadsheets to automatic reporting systems
Remain with annual reporting. HMRC to provide free software for businesses below the VAT threshold.
To report only once a year
don't do it, yearly is fine
Make quarters estimates with the balance on the last quarter and let the agents be in a position to submit the returns on behalf of their clients
Make it annual rather than quarterly for small entities
Longer time for implementation; reporting of summary details only (ie no requirement to report each transaction); no mandatory requirement to run a digital bookkeeping package/app - but can keep records on a spreadsheet for example.
not introducing the obligations at all
The option to complete a simple quarterly online form, similar to submitting a VAT return via HMRC online services. Eg income, expenses, profit. To be able to keep their accounting records in whatever format they choose.
Detailed update with clients by ourselves and planning with them for implementation
Agent participation - clients are uncomfortable submitting their tax returns to HMRC for fear of penalties for careless errors etc.
Longer deadlines for the first few years. A free talk (maybe on TV?) to show what is involved.
By allowing agent's to comply on their behalf; the main reason why many of them employ an agent is because they feel unable to deal with returns etc. themselves.
To file digitally once a year and just make quarterly payments on account instead of twice a year. Make life easier for everyone!!
Education
I struggle to think of an answer to the question 'how do we make the impossible easier?'
This whole scheme is fraught with potential for under declaration of income by tax payers, if the disclose information themselves and I cannot see agents having the capacity to file quarterly returns on time. It is like having 31st January quarterly.
Smaller clients only having to do one return a year. HMRC service to be vastly improved over current (answering telephones and post).

Let us as agents keep digital records on behalf of our clients
Optional and incentives to do so. In some areas no access to internet. Make it straight forward
For spreadsheets to be classed as digital records
We need clarity as a matter of urgency on how partnerships will be taxed
Education and bookkeeping resources.
Online access for agents
HMRC should use VAT records for MTD
Flat rates could be applied for tax for different types of business just as vat flat rates are now. There could be an appeals procedure where the flat rate was unfair but this would also highlight those businesses showing insufficient profits. Would also avoid the need for reconciliation between vat records and tax records which will become an industry in itself. Isn't this an obvious solution?
Raising the £10k threshold to over £25k, which would reduce unnecessary work as this is below the personal allowance in any case! Allow agents to initiate the process rather than inviting agents to view online accounts.
only having to do a submission annually
Being given more awareness and tutoring on the issue, why it is being done, positive reinforcement of the objective. At the moment not many clients are aware of these changes. Being given time to transition as well will be useful.
More understanding and an incentive for the first year.
Availability of an agent service
Not sure what would help. It will be more work all round, think it should only be for those claiming tax credits, those who pay tax twice a year are ok with the current system
Employing a full time accountant!
I have a significant proportion of clients with paper or spreadsheet based records. I encourage them not to use proprietary record keeping systems because they generally lack the technical knowledge to use them effectively. I have clients with turnover between £1m and £4m using spreadsheet systems who have no effective record keeping and accounting skills.
The ability for agents to file details on their behalf.
6 MONTHLY RETURNS
A free software package that users and agents could use for record keeping and submission for small unincorporated businesses
Recognitions that small businesses may still prefer to use agents to collate and input the information.
Making it voluntary
Enabling filing from Excel
Make it comprehensible and introduce it gradually
and voluntarily at least until HMRC systems are adequate and properly tested and HMRC have the resources to support taxpayers in the transition.
2 year introductory period. Possibly progressive amount of reporting required.
Move the threshold up to the VAT registration limit.
Introduce from 06/04/2019 with a two year trial before considering smaller businesses.
allow spreadsheets
It must not be compulsory - exempt small businesses below the VAT threshold
Very clear and simple processes. Easy access to help, guidance and training by both HMRC and the software providers.
allow use of spreadsheets
Many do not use computers and would need tremendous help understanding the whole concept
Helpful and easily accessible record keeping software and/or the agreement that agents can keep digital records on their behalf.
A higher exemption threshold and a deferred start date. Somehow enabling the use of spreadsheets.

<p>Delaying implementation by at least a year. Move largest businesses over first and smaller businesses last.</p>
<p>Accountants and above 83k turnover only</p>
<p>As this is an ill conceived premise from HMRC, this question then becomes a 'leading question' as it is based on the premise that MTD is acceptable. I feel that as and when a client feels that keeping digital records is right for them, then they would move onto that platform. In the meantime I feel that it is more than acceptable for clients to continue with either keeping paper records for me to examine or to keep their records on (with some of them, very elaborate) spread sheets. Their prime concern is running their own business which is exactly why they use me in the first place!</p>
<p>They will need a lot of help from agents and agents will need to have the same access clients have.</p>
<p>free software being readily available</p>
<p>extend the time frame for the obligation</p>
<p>very soft penalty regime for at least 3-4 years</p>
<p>Clearly, clients using advisers have little or no comprehension of filing requirements and deadlines. In our experience the will want their adviser to handle all of it, so first and foremost HMRC must allow agents to carry out the function.</p>
<p>having to report less often</p>
<p>Firstly, the majority will still require their accountant to prepare their figures. The imposition of a one month filing deadline is unrealistic. The 31 January filing deadline is difficult enough without having to report figures within a month of a quarter end.</p>
<p>I hear that HMRC are encouraging software providers to offer the facility for the record keeping requirement free as they will not be providing appropriate software themselves. This would aid taxpayers for certain although I believe there is a greater chance of peppa pig fluttering past my window than software providers offering their products for free.</p>
<p>More clarification on role of agents, clarification on what counts as digital reporting (spreadsheets for example)</p>
<p>It is hard to answer this question because all of the answers which come to mind are the proverbial sticking plasters. Business will embrace change of it makes commercial sense. If maintaining digital records makes commercial sense for a business it will migrate to digital record keeping. As more businesses migrate to digital others will follow. There has to be a business case!</p>
<p>Access to easy to understand software</p>
<p>Larger businesses only</p>
<p>An actual clearly set out position as to what is happening and how and when. It's all very well talking about the fact that software will be provided but it needs to be seen and tested first properly by those who will be using it</p>
<p>A comprehensive education programme by HMRC, eg workshops, seminars, webinars</p>
<p>Annual filing should be kept for businesses below the VAT threshold</p>
<p>To allow agent to do as much as they can do now for the client - to allow agent to stand in client's shoes</p>
<p>Agents being able to file quarterly information on their behalf</p>
<p>Removal of enforced digitalisation and Removal of Quarterly Reporting - Both of which are unnecessary</p>
<p>Enabling them to continue to use spreadsheets. Enabling me as their agent to maintain their digital records for them.</p>
<p>Possibly allowing input from spreadsheets</p>
<p>They will need training - but i see that we will be the ones who will end up doing this rather than HMRC.</p>
<p>Clients will need to be educated around the MTD proposals. The software provided by the market needs to be easy to use. An early ruling on spreadsheets would be useful</p>
<p>HMRC to accept an excel spreadsheet as accounting software. •</p>

<p>Allowing me as their agent to deal with HMRC to make the submission - they are busy enough running a business without additional compliance obligations.</p>
<p>Longer period for introduction and allowing agents to do the work for them</p>
<p>Abandon the plans entirely. As with RTI this will massively increase the administrative burden on my clients & increase their accountancy fees with little or no benefit to them</p>
<p>Remove the requirement for quarterly reporting and remove the obligation to keep digital records.</p>
<p>Not mandatory and ability to continue using their excel spreadsheets, hence summary inputs.</p>
<p>Full and easy agent access to client digital tax accounts</p>
<p>Only VAT registered businesses should have to comply. Smaller businesses should be exempt.</p>
<p>Compatibility with existing bookkeeping packages eg Sage and QuickBooks.</p>
<p>Allow agent access to any information recorded by client through HMRC system before it gets submitted as the quarterly report.</p>
<p>allowing agents to complete these, to avoid errors</p>
<p>free software</p>
<p>Annual digital reporting instead of quarterly, which will be too time consuming. It is essential that agents can file on behalf of clients. Most of my clients are micro businesses and they do not have the ability nor the inclination to do their own accounts/reporting. They prefer to concentrate on their business and pay an accountant.</p>
<p>The turnover level at which traders are required to use MTD is raised to the VAT registration threshold.</p>
<p>If HMRC were to issue free copies of software to be used. HMRC could even provide free hardware with the software installed.</p>
<p>Accepting Excel spreadsheets that detail and categorise expenditure</p>
<p>Allowing the agent to file the required information.</p>
<p>Not enforce the digital record keeping element as this makes the assumption that everyone has access to IT and the internet.</p>
<p>Free software</p>
<p>Increase the entry threshold for turnover from £10,000 to at least £25,000. This would remove the small self-employed who are not employable and pay little or no tax anyway.</p>
<p>Very gradual phase in - running in tandem with existing procedures</p>
<p>Removal of the penalty regime. Clients 'fear' HMRC penalties and very small businesses end up with disproportionately large penalties</p>
<p>The proposals and consultations fail to deal with VAT aspects in any depth. In particular many businesses have to deal with partial exemption or non-business adjustments. Will the software be produced to cope with this? There needs to be a delay of MTD for VAT not least to take account of Brexit and to consider in detail how VAT registered businesses will be affected.</p>
<p>Long filing deadlines. No statutory format of digital records. Why even enforce 'digital' records, as opposed a digital return (like VAT return) other than for HMRC to get upfront info on client's individual transactions. To be honest, I find MTD unnecessary and HMRC should if needed, increase frequency of POA's. Doing pseudo (inaccurate) management accounts, or submitting records has no advantage for the client, only for HMRC's invasive look at the core records of everybody.</p>
<p>I have no view on this as my practice is wholly advisory and I do not become involved in compliance.</p>
<p>Longer time frame and more changes to underlying tax legislation</p>
<p>Less restriction on the use of specific software ie allow spreadsheets, with the Agent then submitting the appropriate figures.</p>
<p>Having the option to opt in/out of quarterly reporting.</p>
<p>I cannot see my clients being capable of using record keeping software nor having the time to input the data into the software. My clients present their paperwork in a cardboard box with no understanding of which information is required for their business. They trust their accountant to make these decisions. Some of my clients cannot even use emails properly and communicate by simple hand written letter/notes. These clients also do not have computers or printers, they only use their smartphones for electronic communication.</p>

More time to adapt; better broadband; IT training and accounts training
I do not consider that there is anything that will reduce the huge burden of the obligation for small businesses, a lot of which already have what they consider to be electronic systems, on Excel or similar systems, that perfectly suit their business requirements and enable them to run their businesses and prepare accounts annually for HMRC. The main requirement of accounting records is for the owners of the business to run their businesses in order to make profits that enable them to pay tax. The proposed requirement to report in timescales that is not required for tax payment purposes is not for HMRC to dictate and will be a huge burden on businesses. Businesses are not in business to prepare paperwork. This is a by product of their business. Stifling businesses with red tape and deadlines will reduce the output of the country.
Per Q5
Letting 3rd Party Agents file on their behalf
Raise the turnover exemption levels, particularly for landlords, so as to take more individuals out of the scope of the system. I have a number of older clients with rental income who are not at all business-minded but have invested in buy-to-let property because returns from savings and pension annuities are so pitifully low. These individuals would probably be happy to make quarterly payments on account based on past years or estimated income, and I see no advantage to anyone in their having to keep digital records and go through the expense and hassle of quarterly reporting.
Annual reporting would make it easier for compliance
N/K
Free, easy to use software.
Doing it annually - and having no quarterly filing obligations
Simplification of tax system so that the taxable profit is accounts profit
Higher exemption from new rules at VAT registration threshold
Nothing will make it easier, it is a stupid proposal, why should clients be forced to adopt digital systems and the extra cost. SA works well.
Seminars.
being able to keep manual records and entering the figures on a quarterly online form similar to VAT Returns
Make available one-time purchase software at an affordable price rather than clients having to spend money on subscriptions to software they would not need except for MTD and which they have no interest in
A longer timescale to change over.
not introduce the proposals in the first place
Clear guidelines from HMRC and efficient software that would either be compatible with HMRC's software or some other filing tool provided by HMRC that is straight forward and user friendly.
I do not think anything will
N/A
Allowing agents to submit information. All but 2 of my clients have no computer accounting system and send me bank statements and invoices etc to prepare their accounts. Their geographical spread is from Cumbria to London. No chance I can do this work from all those locations
No comments
A recognition by Ministers that this will just not work in its present form and an undertaking to work closely with the tax profession rather than the tax amateurs in the public sector to come up with a workable model.
It would help if there were no quarterly submissions. If the agent could do this on their behalf. Also I believe that HMRC releasing their own software would put clients more at ease and would be safer. I can easily see some people being defrauded by third party software that they just googled and did not pick up via HMRC website or HMRC verifying software that is not safe.
Allowing their agents to file the information.
Allowing agents to supply information and allowing provisional figures

<p>Longer lead time for introduction</p> <p>excel being counted as digital</p> <p>allowing agents to file on behalf of clients</p>
<p>Not have to make quarterly returns. If there is an annual adjustment then what is the purpose of the quarterly reporting. I also think that having a much wider exemption from quarterly reporting for smaller businesses should be given, with the reporting limit in line with the vat registration threshold</p>
<p>Exemptions on the grounds of age. As an agent being able to complete and submit and/or to have clients use their log in on my computer eg provide a 'hub ' for clients to use with supervision.</p>
<p>Don't know. Most of my clients use excel spreadsheets which work well for them and us.</p>
<p>Flexibility over digital software and free options</p>
<p>Annual reporting</p>
<p>Some kind of recommended software list that HMRC supports as being compliant in this task completion.</p>
<p>much more time before compulsory introduction</p> <p>at least five year 'no penalty' regime after introduction</p>
<p>Enabling reporting by summary rather than by transaction.</p>
<p>Extending the in year filing deadlines</p>
<p>Do the return once a year. When HMRC have up loaded all the info from their systems to the taxpayer's SA account etc.</p>
<p>More organised day to day basis.</p>
<p>Greater agent involvement - particularly in the registration process.</p>
<p>I do not agree with it at all. I think the current SA should be left alone and kept. It is now working quite well so why change?</p>
<p>For the clients to authorise me as their agent to deal with their obligations on their behalf.</p>
<p>Defer introduction, increase threshold, make it easier for agents to do this for clients. Many of our clients will not be able to cope with using software and do not have smart phones.</p>
<p>Enable their Agent to file on their behalf</p>
<p>Increase the turnover threshold considerably eg to VAT threshold</p>
<p>The layout of the records will need to be user-friendly and provide flexibility for the way in which clients present their information. A 'light touch' approach to penalties should apply for early years</p>
<p>Agent does it for them</p>
<p>Annual basis as opposed to quarterly.</p>
<p>Giving maximum support to agents</p>
<p>To remove the obligation to file quarterly reports.</p>
<p>Permitting the continued use of Excel for record keeping will help some, and HMRC providing their own simple software for quarterly data input rather than reliance on third party apps and free third party software. My experience with free software is that it doesn't remain free for long which brings with it deletion of data when the customer doesn't want to pay for its continued use (or the software provider goes bust).</p>
<p>simple clear guidance</p>
<p>Less than 5% of my clients have any accounting software and most rely on paper records or excel. Accounts drawn up from bank statements but would need free bank feeds and free software. The charges for the software are usually more than the fee I charge.</p>
<p>Allowing agents to provide a full digital service and reducing the quarterly reporting burden. Clients are busy enough running their businesses without the increased burden of quarterly digital reporting</p>
<p>Allowing spreadsheets to avoid forcing people to pay for software</p>
<p>Increase the level of turnover at which point the obligation to go digital triggers.</p>
<p>Defer until the technology is in more widespread use</p>
<p>submission of summaries as opposed to detailed records</p>

Submitting cumulative figures rather than transaction by transaction.
Submitting annually rather than quarterly.
Better still, abandoning the project.
Access for Agents to submit on behalf of clients
Don't know until more information is provided from HMRC
Annual submission, unless already required to file VAT returns more frequently.
Personal phone calls from HMRC to my client about and only about MTD and follow ups.
A longer phase in of the system without penalties or interest on late filing/payments and detailed guidance.
Use of spreadsheet based accounting.
Having yearly returns rather than quarterly
the provision of free online HMRC provided or approved software and certainty now on how the MTD systems will work in practice
I think the software/app that HMRC are promising might help, I'd like to see the test version and any guidance it contains
Longer transition time, Longer submission time, Penalties suspended for a period of time for people to get used to the system.
Providing Agents with full access tools from outset.
Enhanced tax relief for professional fees in relation to digital processes and learning, as for R&D costs currently
Delay in implementation and provision of software by HMRC
Do away with quarterly reporting
Facilitating the processes for agents to do most of the heavy lifting for clients who are not sophisticated or large enough to run their own business software
More time to get used to proposals and more information now about their obligations
The whole process boils down to the 'garbage in garbage out' principle. Those clients who already engage with processing their tax affairs will do more work - for no outcome/benefit. Those clients who aren't bothered will be even less likely to comply.
Do not introduce it at all.
HMRC training seminars/courses
Proper full free software
More generous limits for exemption/deferment from quarterly returns and a revised timetable to give a smoother transition to MTD.
Keep an option open for producing annual accounts
Ensuring that agent filing is part of the first roll out of the software and that it works before full implementation.
If MTD is going ahead then it must accept records kept in Spreadsheet format.
More public awareness of MTD. Let clients instruct Agents to act on their behalf. Introduce after 5th April 2020 so that software providers can create tested/proven software.
Education and publicity by HMRC and workshops and face to face seminars for agents
A longer time for introduction and more publicity now. Raising the £10k limit to the VAT threshold
To abandon quarterly reporting!!
A voluntary scheme initially
Drop their proposals. All my interactions with HMRC as a retired in last 5 years prove their IT systems and record keeping is worse than appalling.
Increase the exemption limit to £50K
Making the requirement annual not quarterly and making it optional not compulsory. Making it cash based not accruals based but accepting year end figures will not therefore equal quarterly figures. Allowing accountants to submit data.
More help from Agents
Thorough training and free software made available to them

Annual reporting for clients with turnover below VAT threshold. If all quarterly, different staggers for quarter-ends would help accountants provider a better service to taxpayers.
Clients should not be forced.
Reducing the burdens - so annual reporting and no obligation to maintain all records digitally - sufficient to do so annually.
More information, but also a sensible period of time after HMRC have completed the consultation process.
Better interface with agents - either via existing preparatory software or by allowing agents to access client's online accounts.
I don't think that anything can make it easier for clients and us to deal with the proposed changes
Setting the exemption threshold equivalent to the VAT compulsory registration amount.
Significant investment in education and support from HMRC.
Soft landing for extended period and for all new clients who are required to comply.
First non-compliance should not start the penalty process - it should result in an opportunity for education similar to speeding offences and if non-compliance persists, then to start the penalty clock ticking.
Providing an enhanced deduction, similar to R&D relief for the additional costs of software and accountancy fees during the transition phase or longer eg 3 years.
Courses, webinars, HMRC helpline to give advice on book keeping, published guidance.
Recognition that the ongoing filing requirements are estimates (removing any penalties for inaccurate returns) and that a final figure will be available once the accountant has finished their accounts / tax information.
Good advertising campaign by HMRC.
Make it voluntary for the first 2 years. So early adopters can take it up. Maybe offer incentive to early adopters. HMRC should ensure that system is working fine with these early adopters before forcing others to comply. Small businesses that trade below the VAT threshold and only have to supply 3 line accounts, should have the option to move to the new system.
Penalties should be waived until everyone gets used to new system.
Don't know
allowing agents to complete the process
Agent authority to do all input. Get rid of 2 step verification now.
I think that at the present time making tax digital should not go ahead
The whole thing is a bad idea and should be abandoned
A higher threshold
Extending the timeframe for its introduction. Gradual phasing in of new regulations.
Scrap it
Exposure to the digital tools prior to the dates by which compliance is required - many clients would feel more comfortable getting to know the tools without the shadow of a looming deadline. However, it seems there is no plan for the software to be available until just before the start of the accounting periods affected.
Not having to do it
Allowing agents to do everything. No reliance on apps or new software.
That us as agents can do it for them, that the quarterly figures are taken as draft figures and that annual figures are treated as final. No penalties for quarterly errors as long as annual figures are accurate.
Remove the quarterly obligation or increase the threshold to the VAT registration level
Not requiring propriety technology to upload information
SCRAPPING IT
Remove all clients who employ under 50 people exempt, or say under 250k turnover. Certainly under Vat threshold.

Keep the system of presenting annual accounts. This information is already presented in digital format via the tax return
Scrap it!
Robust free HMRC software which allows filling for more than just the smallest and most straightforward of clients
set the de minimis limit very high
annual submissions
Remove quarterly reporting as it serves no purpose from a tax point of view as the final figures will be adjusted within 9 months of the year end.
HMRC to develop and provide, free of charge, a single piece of software that everyone must use.
Nothing, the quality of information will be poor and HMRC will be unable to cope with the volume
Proper agent access to client digital accounts, similar to now.
Text messaging of 2nd tier security will prevent that entirely.
Phasing the proposals in over a longer timescale and exempting a higher proportion of clients from complying as a turnover limit of £10,000 is not particularly high. Ensuring that agents are able to carry out these tasks for clients, if the client wishes, and ensuring that the necessary software provided by HMRC works properly from day one. It would also be useful if a monetary limit on the cost of the software was imposed on third party software suppliers so that they cannot hold clients and agents to ransom as it appears to me, at least at present, that it is the software suppliers who will be benefiting from the MTD process.
They will need my help as their agent
Leave it to us agents
Agent authority access
Allowing agents more involvement in the record keeping and reporting, providing more time to prepare for the change.
Just filing annual Returns rather than quarterly.
Stop quarterly reporting and make it quarterly estimated payments
Defer the introduction
Reduce the need for reporting for small and medium clients. Quarterly reporting will have little overall tax impact on these clients.
If agents could file on their behalf
A much higher threshold than £10k
A period of voluntary phasing in so as to develop, purchase and implement suitable software.
If agents could set everything up easily and deal with everything
Firstly a good internet connection in remote areas such as where I practice in the Cotswolds. Many clients do not have a good internet speed for example working on cloud accounting packages can be painful. The government need to firstly make sure the infrastructure in place before setting such policy.
INCREASE THE THRESHOLD SIGNIFICANTLY TO EXEMPT ALL BELOW £40,000
Scrapping this ridiculous idea.
Free HMRC software, full involvement of agents.
Let the adviser deal with it for them.
Free software to try out well in advance. Better advance information and assurances that advisers can be kept in the picture to act on their behalf. Abandoning quarterly reporting for the non-VAT registered.

I believe making it compulsory for all tax payers is not a realistic proposition
I feel strongly that people who are of pensionable age with turnovers below the VAT threshold should be exempt for quarterly accounting
For younger people the transition will be far easier
My client base is mainly retired academics and professionals who are in receipt of pensions with freelance and/or rental income and are in their seventies and eighties
They send me their summaries via hard copies, or via email, not necessarily with attachments and I then prepare an income/expenditure account with supporting schedules on excel
It is ludicrous for them to make quarterly submissions
For myself how am I to cope with most of my clients' submissions all falling in the same quarter? – 5 April year ends
I am 70 years old and HMRC's proposals are forcing me to remove those clients which need to file under the proposed regime
For the record I do not own an iPad or iPhone, nor do most of my clients
Permitting records other than digital to be maintained eg spreadsheets
Many of my clients are elderly and will simply not be able to use digital reporting. They should not have to pay additional fees for help so HMRC will need to set up somewhere local for help to be available - how about a tax office?
Scrap it.
Scrapping this hair brained idea because it's an intrusion into taxpayers' privacy and won't provide any significantly useful information. It's simply a way of collecting additional penalties for failing to comply.
Agent access and the ability for us to assist in making these submissions. Businesses already keeping digital records won't want to be responsible for this themselves they are frightened of making a mistake and being penalised by HMRC.
Recognition by HMRC that the quarterly reports are not to the accuracy level of accounts, much less tax returns - these are pre-cleansing reports unsuitable for detailed review.
Annual reporting
More publicity
Allowing agent to do it on their behalf.
More clarity and more flexibility
Agents gateway access to account
Allowing Accountants to see what they see and submit on their behalf
Clear information as to what the new obligations are, where they can obtain assistance and who is exempt
Nothing will make it easier. They do not understand accounting or tax. Anything they do will be guesswork.
Not having to do it quarterly. This is far too much of a burden for small businesses. It would help if things could be submitted on a spreadsheet but I understand the problems with heavily formatted spreadsheets.
Have training or a guide for them to follow which is sent to them.
HMRC provided software
Increase the reporting threshold- many small s/e businesses may decide not to continue.
Digital reporting once a year to start with, then increasing to twice yearly then quarterly.
Allow agent intervention from outset.

Only having the quarterly reporting for larger businesses i.e over £100,000 income. These clients are more likely to have better systems in place and be able to cope with the additional burden.
Start with VAT registered businesses who already have to file quarterly, so have some level of discipline. This will also enable the system to be bedded in with HMRC and practices, before extending out to smaller businesses
If they could retain the use of the spreadsheets which they currently use to keep their records.
annual rather than quarterly submission
Set a higher threshold say VAT registration threshold.
This move should not be allowed full stop. In infringes our rights as we should be allowed paper and manual records
Do not make this compulsory at this point. Introduce the systems to allow MTD and then let people start to use those systems when they are comfortable that the systems work
If HMRC were to have their own free software available.
Free, simple software. Automatic reminders.
Allowing agents to make the submissions, agents complete access to digital tax accounts, many clients not only digitally challenged but numerically challenged too.
Difficult to say. This will vary from client to client. We would first need to see the actual mechanics of filing information.
It should be done at a slower pace.
Acknowledge that income and expenditure can occur at random intervals
Easy access to an online system which both the taxpayer and their agent can use/view.
Quarterly reporting should be optional as it is most suited to younger taxpayers with relatively simple businesses.
Allowing agents to prepare and file such records
I am not convinced that any one thing will make it easier and object to HMRC forcing people to record things in one particular way
Making quarterly reporting optional, with an annual filing requirement. For those wishing to file quarterly already registered for VAT, adapt the Return to include MTD requirements.
A clearer definition of what HMRC expects with perhaps a trial
With a number of small businesses. The results could then be published to give greater guidance.
The uploading of data will need to come from the agent who has had the opportunity to check and amend beforehand.
Make HMRC fully digital first by making them use electronic communications and answering the telephone promptly. Make Ruth the digital chat bot work effectively.
Make the HMRC pages separate and distinct from gov.uk so the search engine can find the correct resources once again!
Letting agents file the quarterly returns.
Clear instructions from HMRC and user friendly digital environment for complying
Nothing - HMRC needs to get in the real world. Most business do not keep records at all other than bank statements and receipts
Enabling agents to assist their clients with this task - ie agents to have the same access to HMRC information as my client if authorised.
Sight of the free software before it becomes compulsory.
Soft landings for errors
User friendly programmes.
Allow their agent to do everything include agent authorisation; only have y/e reporting - quarterly will not benefit anyone - it'll cost more and will highlight more expenses so reduce profit and tax.

I think the exemption threshold should be higher, a lot of my clients fall in the basic rate bracket and would struggle to afford software and the accounting costs which MTD will bring. It's not sufficient to say that there will be a free option as the current free HMRC software offerings are slow, clumsy and often confuse my clients who try to use them. The majority of my clients do not use software/apps currently.
Forget the whole idea
The ability to allow agents to administer and manage this for clients
Free software or only having to report 2 figures, being sales and costs whether by cash accounting or by invoice accounting
Remove the need for quarterly reporting for any tax that does not currently require it. These are mainly the annual direct taxes since the proposals mean that six returns will be needed instead of the current one. The six returns will be the four quarterly ones an end of basis period return and an annual tax return. All these returns will be needed because HMRC do not propose to include annual reliefs or allowances in quarterly reporting. So the quarterly figures will bear little relationship to the actual tax payable and necessitate more people putting in end of year returns not fewer.
Uncertain at present
Allowing the agent to do it for them, as we do when completing a quarterly VAT return.
A simpler tax and reporting regime!
HMRC should provide free software rather than oblige clients to purchase their own.
A huge change like this should be introduced in two stages: the first involving volunteers (perhaps with some small incentive), and then later becoming obligatory. Making it compulsory from the start will allow someone to boast that the UK is leading the world in this area. But it is abusing the public's and the profession's willingness to obey the law: there will be so many instances of people finding it all disproportionately difficult, the more annoying because there is no need for this rush to move to this new system.
More time before it becomes obligatory
Better HMRC IT support and rigorous testing before it goes live
Allowing agents to comply on their behalf.
A high threshold exemption for non VAT registered businesses.
By making sure that clients continue to file through the agency of our practice.
A longer timeframe & free HMRC software
Annual Returns.
Shorter period between year end filing deadline.
There are number of elderly clients who do not have access to the internet
Online templates with explanatory notes. Also comparatives to ensure consistency.
Allow agents to file on clients' behalf; delay introduction.
Most of my clients will/are put/putting their heads in the sand and 'leaving it up to me'. Majority keep spreadsheet records and have no wish to go digital. It is more than likely that this will mean more than a few will eventually cease self-employment.
The majority of our clients have no interest in having digital records and this change will bring extra burden for no benefit to them
If these proposals are introduced ie Making Tax Digital compulsory it would make it easier for the clients to comply if their advisor could keep the digital records on behalf of the clients and file all the required reports accordingly.
Nothing obvious as almost all our clients have very small businesses, are 60+, and we already do most of their filing electronically in any event.
Allowing their agents to file on their behalf.
The ability to amend filing submissions made after date.

Cash basis of accounting for self-employed and property businesses. Higher turnover exemption threshold. Gross annual turnover of £10k is too low. Most unincorporated businesses and landlords with an annual turnover of £10k make little profit after expenses are factored in. Quarterly reporting for small businesses is a disproportionate burden and could lead to increased non-disclosure. HMRC providing robust and easy to use free software following successful trials.
If they are allowed to give initial estimates.
To scrap the whole idea of MTD. If the main idea is to get taxpayers to pay quarterly then introduce this, I haven't got an issue with this. The whole idea of MTD is not workable especially with clients (farmers) who have year end stocks to account for
Allow use of spreadsheets. Allow those who are OK with an annual return to continue to do so.
Good online guidance is essential.
Much clearer requirements and summarisation... abandon MTD for VAT
The current information needs to be clearer and more direct with better instructions. Everything still feels very woolly and vague.
Free computers and more time
It is assumed everyone is very aware of and competent with digital systems. It also assumes everyone has sufficient broadband access and speed to fulfil the requirements. Years of working for HMRC in rural Somerset and Devon have taught me that neither of these is true. People who can keep their books on a basic spreadsheet may have little or very poor broadband access. Computers and digital services do not solve problems, they just make different ones.
Do not MTD. Nothing is broken with the current system.
More time to prepare for the change. It is important for us to set up the accounting systems with sensible planning and train our clients how to operate correctly.
Very hard to see how any will manage. Almost none can use a spreadsheet and rely on me to produce cash books
Increasing the turn over limit
Giving a discount to cover the costs
Provide free HMRC software suitable for small businesses and landlords to use.
More time and client education before start date.
An ability to make estimated returns. Ability to make returns from Excel.
Simplifying the tax rules - receipts & payments with no technical tax adjustments
online agent access
Making quarterly reporting optional
agent assistance
I think it is very difficult to say at this stage but clients will need to be convinced of the worth of the extra hassle and I think one thing HMRC should do is explain what they are going to do with the extra data they collect? This will make it easier for clients to comply indirectly as it will make them buy into the system.
government should provide grants to those needing to comply who do not have the resources to meet these obligations
A good education program; free training
Allowing agents to act fully on their behalf in all aspects.
Remove the requirement for quarterly reporting.
Free software with online tutorials. Agent being able to link to this software to assist with filing.
Simplified rules and regulations
Large business only should be required to make digital returns
Allowing their Tax Adviser to file the Returns.
Allowing an interface with Excel
A tax rebate to help cover additional accountancy costs!

<p>Dropping the entire idea. My brother is a small-scale builder, and the chances of him keeping any records electronically are zero. The idea is preposterous. Completely ludicrous. What on earth is wrong with simply keeping paper records of purchases and sales - ie the invoices received and supplied? No benefit to anyone from struggling to put them on to some electronic phone or similar nonsense.</p>
<p>Introduce the MTD reporting platform now, without imposing any additional reporting requirements at this stage.</p> <p>Only once the platform has bedded in, and the teething problems have been resolved, should we look at requiring additional information.</p>
<p>Allowing agents to deal with on their behalf</p>
<p>Allowing agents to file on their behalf</p>
<p>Access to software that can demonstrate the actual requirements of quarterly reporting.</p>
<p>Delay the introduction of MTD and possibly reduce the requirement initially to those who are VAT registered.</p>
<p>Scrap the quarterly reporting proposal</p>
<p>Longer time until it starts</p>
<p>Not making it compulsory straight away</p>
<p>Limit quarterly reporting for smaller businesses and for landlords. Don't enforce digital record keeping - there is no need. Cloud accounting is useful but I do not see why the reporting changes make it a requirement</p>
<p>I cannot think of anything.</p>
<p>Making the obligation annual with a much longer lead time</p>
<p>Ensure that the whole process is simple to understand and use</p>
<p>Annual reporting which they are already used to doing, apart from those who are VAT registered.</p>
<p>It should be voluntary so clients can decide whether they can pay their accountant or book keeper more money to do this extra work. Those already preparing management accounts will probably easily add this into their routine and I wouldn't charge extra for filing with HMRC. However most clients aren't in this category and don't need quarterly figures and certainly won't pay for them. They really just want to focus on trying to make a living in difficult continually changing markets and conditions. Adding on more bureaucracy is of no help at all for SMEs trying to grow and employ people.</p>
<p>Most of my client can use Excel spreadsheet. If API allow direct upload from Excel spreadsheet will be a great help. Also exemption on scanning receipts/ invoice of say less than £100 will cut down on the administration time for my clients.</p>
<p>Once the process and what is required has been agreed, a proper time period to prepare and set systems up</p>
<p>Having access to free software for those with turnovers of up to £83,000, the VAT threshold, and not just via mobile phone apps and the software needs to be HMRC approved.</p>
<p>Allowing them to use simple spreadsheets which many will already be using and understand.</p>
<p>Most clients do not understand the wholly and necessary rules. They need educating before asking them to go digital.</p>
<p>HMRC being able to demonstrate actual savings to our clients and us, as agents.</p>
<p>Phasing in, first phase (2017 and 2018) annual reporting within 3 months of year end, second (2019 to 2020) 6 monthly reporting within 2 months and third (2021 onwards) 3 monthly reporting within 1 one month.</p>
<p>Allow spreadsheets, ensure that the requirements are so clear that the software always produces, therefore only one click to send. Acknowledge that this is interim information that will be changed by the year end figures.</p>
<p>To allow the agent full access in order to do it for them.</p>
<p>More information for clients such as TV advertising etc</p>
<p>Make the turnover limit of £10k higher so that more clients are taken out of the requirements</p>

Remove compulsory digital records - file digitally but use whatever medium preferred to store raw data
Abolish quarterly reporting.
More training and free software provision
Ensuring that agents see the same items as their clients in order to keep track of their account
Supplying HMRC is already so time consuming that many people are inhibited from starting business. this new crazy impost will harm the economy
Extend filing deadlines. Proposed one month per quarter is too short. Proposed 9 months for year end is too short, as this takes most standard 31/3 or 5/4 years to Christmas which is impractical.
As the quarterly data will be of no relevance to HMRC in most cases, this should be voluntary.
buy a computer
Agent access to the records.
HMRC provide software like they do for RTI
For the majority of my clients there is nothing that can be done to make it easier for them to comply with their obligations.
letting the agent do the work- a lot of our clients do not or will not use computers or smart phones
Nothing
Provision of free, HMRC-compatible software.
Simple answer is a less complicated tax system - rushing this in is not the answer - has the potential to be a complete mess
Start with a 6 monthly filing return to get used to it. Going straight into Quarterly filing is a burden especially for seasonal trades
longer time frame
Allowing Agents to maintain and submit records on their behalf.
Seminars possibly workshops or better still scrap the idea.
Nothing can make this extra burden easier! Only large companies should be made to comply as they already have dedicated finance departments.
Ability to submit via spreadsheets
It was my understanding that originally this was going to be optional. It now seems that it is a requirement unless you fall into a small set of characteristics. I think it is unrealistic to expect this degree of change in 2 years, especially with HMRC's past record on IT failures. I hope that they are VERY relaxed with penalties for a good few years.
With regard to VAT this is going to be a difficult and unnecessary burden for business. Nothing is likely to ease this burden other than suspension of the plans for VAT.
Rental income to be reported as an overall figure, not per property. Making clear the threshold for cash accounting for the self employed and landlords
Help from their Accountants. Accountants need to accept change. Stop trying to fight the tide. Similar philosophy to changes in banks 20 years ago.
A clear preferred software to provide uniformity
Allow Excel to be used to make submissions
Not require quarterly reporting as it appears to have no benefits to HMRC or taxpayers.
Have free access to fast internet speed broadband and hardware - Clear instructions as to what is exactly required from taxpayers - tax relief incentive to cover the cost, which for some clients will be extensive, of moving to quarterly digital reporting.
Make it optional rather than mandatory. If it's have as beneficial as the HMRC commentary makes it out to be the majority of taxpayers will migrate to it in the first couple of years anyway
Allow tax agents to do it for them; free training for clients, to be provided either by their tax agents or professional training firms and funded by HMRC (it would be no good for training to be provided by HMRC themselves as they clearly do not understand the relevant issues faced by their customers).
Ability to text 3 line P&L?
Automatically linking business bank accounts with MTD software?

The majority will need to start employing bookkeepers to comply with quarterly reporting
The problem for client is that they rely on their accountant to review their books at the year end and to spot errors. The problem with quarterly reporting is that they will file quarterly accounts (in some format) which will almost certainly require amending for errors at the year end. The alternative is that clients will have to pay us (and we will have to have the resources to help them) to check each quarter's return. I think clients would like assurance that they will still be assessed on an annual basis and they won't be penalised for in-year errors.
Quarterly reporting on a cash basis then annual accounting with usual accounting adjustments. Reason is because all my clients keep a cash book. Some keep very simple sales ledgers and purchase ledgers to control their debt but they lack the skills to do reconciliations. Effectively they do not keep double entry records. Only the cash book is reliable in-year. The annual accounting adjustments make the annual accounts GAAP compliant by performing reconciliations and creating purchase ledger control account and sales ledger control account and identifying capital expenditure as required.
Remove the obligation for quarterly updates in cases where proper accrual based accounts are prepared, as the updates have no value
Quite simply this should be a voluntary exercise rather than compulsory. Given there is now to be no change to tax payments I fail to see what benefit there is at all of this additional burden on clients.
Scrapping the requirement for quarterly reporting.
Computer, book-keeping software, training on computers, computerised book-keeping and internet usage. Most do not have or use computers, let alone file anything electronically.
There is absolutely no need for HMRC to layer an MTD 'app' on top of the existing IT software. More confusion than good will be caused by this
Much higher threshold
Not having to report quarterly. See no issue with maybe looking at more regular payment of tax but cannot see the necessity of quarterly reporting, annual sufficient in vast majority of cases.
HAVING 8 DAYS A WEEK MIGHT HELP
Soft touch
More time
Ease of reporting, (like VAT on line, simple key in of key data)
Free software.
By removing the quarterly obligation and giving agents more access to the inputting of information
Making it voluntary in the beginning
Allow them to set up slowly and not be fined from an immediate date.
To scrap the proposals. They are of no benefit to either my practice or my clients and will be onerous to implement and support.
Raising the starting point to the VAT registration limit
Make agents able to file on their behalf
Clients would just rely on agent to comply / make relevant submissions
Financial incentives to be able to purchase computer, smartphone and also pay for the required training to help them move from a partially/fully manual record keeping to fully automated
Provide funding to pay the increased professional costs because few will have the confidence to deal with the taxman themselves.
Allowing agents to file on their behalf. Not having to do it at all as many clients don't keep their records up to date.
Need more time and higher turnover exemption limit
If there were incentives such as a tax credit that would make clients more likely to embrace the change.
Nothing will - the burden and cost will fall on us.
NO NEED FOR QUARTERLY REPORTING. ONE ANNUAL RETURN, AS WITH CORPORATION TAX, WOULD BE FAR BETTER.
Greater training, no penalties, staggered filing dates, no heavy hands

Something like the VAT flat rate scheme. Full sets of accounts will often be impossible.
Scrap the whole idea
Include agents in the process. Have a voluntary period first and/or longer lead in times to introduction. Have realistic alternatives for those that cannot work with the digital environment.
Allowing more popular forms of record keeping using spreadsheets which clients are familiar with.
Abandoning the whole idea. Seriously HMRC taking the some responsibility and providing software for taxpayers - it is HMRC's idea after all. They also need to climb down from their high horse and accept that they may want to go down this route but there are plenty of taxpayers who have no interest in IT matters.
It should be voluntary. There should be an opt out for represented clients.
A clearer understanding of the software
HMRC are saying software will be provided - if the self assessment system they provide can't cope with complicated matters how on earth are they going to provide this sophisticated software
More time and more ability for us to do things for them
Switching to Cloud based programs away from desktops.
HMRC providing clear (and free) software for clients to upload their records.
Ensuring agents can easily reanalyse expenses to the correct category;
Ensuring agents can enter the information to assist the 'envelope of receipts' clients;
Increasing the reporting deadline to 2 months
Making MTD optional for the over 55's say, who haven't grown up with computers
Free software.
Ensuring that HMRC's IT infrastructure is functioning effectively and that their staff are properly trained to cope with this change.
Exemption threshold should be higher. Optional transitional period. Regular quarterly tax payments for corporation tax and SA based on previous year's liability (as for SA now) but with no deminimis.
Remove the need for mandatory digital record keeping and allow clients to keep records how they see fit. Should use 'carrot' rather than 'stick' approach and offer incentives to clients, (similar to PAYE online filing a few years ago), rather than further sanctions and penalties
Having a connected App with myself.
Allow spreadsheet submission
I don't think the majority of my clients have any understanding at all of what may be involved in making their tax digital, so where do you start?
Very little I think it's a terrible proposal
Allowing agents full access to the digital accounts and ability to file on their behalf
HMRC to enable agents to file digitally on behalf of clients (where authorised by the clients)
Letting agents do it
Agents having full access rights on behalf of clients.
More HMRC staff trained on online services.
Full testing of services before live introduction.
Almost all my clients will need help so that's added cost for a service they consider only benefits HMRC. Some incentive of some sort in the early years to cover some of those costs may help.
Not introducing quarterly reporting at all. Annual reporting is sufficient - why do HMRC need anything more regular?
Most of my clients are either elderly or computer illiterate. Other than giving them 'lessons' in computing, I really do not know the answer. Some of them don't even have a mobile phone!
Have a simple report of gross income less total expenses. Clients are not capable of identifying/categorising expenses properly.

Only having to report income as most clients do not understand what they can and cannot claim in relation to business expenses. For the likes of subcontractors who are notoriously bad at record keeping, HMRC will already have their income details from the contractor and so they should not be asked for further information.
Very clear video information
Delay introduction of MTD.
Not required to make quarterly returns
There isn't anything - some clients will simply never be capable. Don't HMRC realise that we still get a box of screwed up receipts from many clients
Allowing agents to act on behalf of their clients initially, we are a small rural practice, and as such, there will be a lot of clients who do not wish to use digital records.
Keep annual reporting and do not make tax digital
Don't know. If they are not computer minded, nothing is going to help.
Allow them to give me the figures once a year and for me to upload them to the HMRC digital account annually.
Abolish the digital record keeping & quarterly returns process
Allowing Agents deal with digital records
A long lead in period and no immediate compulsion until all the software has been tested and used. Also a choice of providers and the cost factor of this software.
Allow for quarterly spreadsheet type inputting and filing.
For an adviser to make the submissions
More time to become familiar with the concept.
There should be a longer time frame, extending from 2018 to 2025.
Letting agents have access to clients digital accounts and filing returns for them. Do we really need quarterly filing
Clear guidance, realistic timeframe
More time to become aware of the requirement and time to enable practitioners to give clients guidance as to the best way to comply.
Annual reporting
no idea
Excluding the majority of landlords from the quarterly accounting regime
More time before the change so a good choice of software systems have time to be established
increase the exemption limit to either £10K or £40K turnover
NOT QUARTERLY, SOME OF MY CLIENT MY NOT EVEN BE IN THE COUNTRY QUARTERLY
Tried and Tested software. I currently use Sage One with some of my clients and have also demo'd Xero. I would be nervous about people using HMRC software that wasn't really fit for purpose or difficult to use. For example, the Basic PAYE tools are free, but they're pretty horrific to use. I've had several clients that tried to use it and I've spent hours unpicking things for them.
Voluntary at first and free & easy to use software
Allowing agents to file the MTD reports
Allow spreadsheet records to be kept.
Allow lettings agents to have a standard software package that can submit rental statements on behalf of clients, clients would then add their extra costs eg mortgage interest.
HMRC need to be more realistic about clients ability and inclination to deal with this
Use of spreadsheets for reporting.
Set rules only on the form in which information must be submitted to HMRC, and when it must be submitted. Do not set rules about what form businesses need to keep their records in.
If agents can file for them and a relatively long period of time in which to file eg 2 months
More clear step by step instructions issued by HMRC
Very little
Make it voluntary. Allow a phase-in of clients who choose to use TMD. Allow them to choose their filing quarter periods i the same way that VAT quarterly returns have different periods.

Easy error correction process with no penalty for doing so
By having more knowledgeable HMRC staff able to assist. Not online chat rooms or phone lines with untrained call handlers. Real properly trained staff.
IT SHOULD BE VOLUNTARY TO START WITH SIMILAR TO HOW ONLINE FILING WAS INTRODUCED WHICH WOULD ENABLE THE NEW SYSTEM TO BE IN AND KNOWLEDGE OF HOW TO ACTUALLY DO IT TRICKLE DOWN TO OLDER LESS 'APP' CAPABLE CLIENTS. THERE SHOULD BE AN INCENTIVE TO GO DIGITAL WHICH WON'T UNDUELY PENALISE THOSE WHO COULD NOT COPE
Finance assistance for the set up costs of hardware, software and training
Improved agent access. Ability to use spreadsheets where possible to continue
Clear directions as to the information required
More agent involvement
To file just one report, additional boxes on the VAT return. Only file for VAT business.
Free, easy to use software
The de minimis limit should be aligned with the VAT threshold.
The process should be rolled out along the same lines as auto enrolment for workplace pensions. That is, the biggest taxpayers first.
There should not be a one size fits all process. The legislators should recognise the huge disproportional impact on small businesses.
Very difficult to say. A large majority of my clients wouldn't know digital accounting or any sort of proper accounting from a hole in the wall.
I envisage two classes of client. Those that will not want to do it and simply pass the information to agents to deal with and those that will not understand their obligations and will want to continue to provide annual paper summaries of records.
For them to be able to report the extra information, if they wish, by completing a few extra boxes on their VAT Returns, and initially, restricting it purely to VAT registered people. To provide a simple analysis of outputs and inputs, for example analysing inputs between purchases, subcontract work, capital, rent rates etc and other expenses would not significantly increase the work involved in preparing the VAT return.
A significantly higher turnover level before quarterly reporting becomes compulsory and the ability for agents to access their records to assist those who are not confident with using technology.
Increased turnover for exemption - £10,000 is too low. More gradual introduction of new rules. Allow agents to file quarterly returns for clients.
allow links via spreadsheet recording within an HMRC provided package
Scrap MTD
Filing only one a year
Delegating filing to their tax agent
I have approx 300 client, most of which will expect us to undertake the additional work needed. There is no way of making this easier unless it is not introduced.
Software to accept nil values. At present my Personal Tax Account will not accept nil as my estimate of income from one employment. It insists on substituting last year's total.
Agent access to do it on their behalf
Extend the date of implementation
Voluntary not compulsory
More time before compulsory implementation so that we can chose the right software etc.
Being able to make amendments online to incorrect information that HMRC have.
A higher start point for business other than landlords and for landlords an exemption of the proposed £10000 or all rents for small landlords who let no more than 3 properties. This will exempt individuals who let not as a business but as more of an investment or who let a small number of properties they once lived in or inherited
Making it voluntary

Annual Reporting not Quarterly.
Bring SA deadline forward from January to October.
Stopping the quarterly returns and payments
for the adviser to be able to deal with it for them
Increasing the threshold and applying to vat registered businesses only
SCRAP THE STUPID IDEA THOUGHT UP BY PEOPLE WHO HAVE NO IDEA HOW THE REAL WORLD WORKS.
Making companies go digital first to check how it works, so when individuals who may struggle with it, the technicalities should be sorted first.
Increase turnover exemption from £10,000 to at least the VAT registration threshold (I believe it should be £100,000)
An annual rather than quarterly submission would ease the burden together with allowing agents to make submissions on behalf of their clients.
free tech & app training
a simplification of the underlying tax legislation
The supply of free software by HMR&C.
Drop it. The value is not properly defined but it will hugely increase compliance costs and time
Annual not quarterly
Agent input
Free HMRC software
Have a de-minimus - £10,000 turnover proposed for unincorporated businesses, provide details of free HMRC software that is being proposed - which a years trial before making compulsory
Making it once a year, and allowing agents to file for them.
Allow their advisors to report on their behalf.
More time
A genuine incentive or reason for doing it
Simplify the tax system significantly
Give agents full access to file
Don't know at this stage
Stop quarterly filing, give agent access
Nothing.
Allowing accountants access to their digital tax account and to be able to compile data and file for them
Exemption for businesses below VAT limit
To enable the agent to have direct access to their Digital Tax accounts.
Many clients will continue to provide paper or spreadsheet records and expect all digital obligations to be handled for them.
Continue with the current system ie filing the tax return annually
Better cooperation from HMRC with agents
6 monthly reporting and/or a longer period to file the reports, say 10 weeks filing window.
Increase exempt threshold to be in line with VAT threshold
A lot of clients (the 'carrier bag' brigade) either won't understand or won't comply with the MTD obligations. Perhaps there should be a second tier exemption (say turnover between £10,001 and £50,000) that only have to submit 6 monthly updates.
let agents do it for them
Ensuring that the agent has full access to their record from the very start without having to jump through hoops to be recognised by HMRC.
Only having to submit returns once a year. We deal with many small clients and having to complete returns quarterly presents both our clients and us with a completely unnecessary regulatory burden.

Remove the need for quarterly updates for business below the VAT threshold
Only one submission each year
links between commercial software and HMRC ie sage
Extend the cash basis or accept estimated figures in summary format.
Cannot see any purpose, just more administration, so abolish it.
Vastly simplified reporting requirements, significant time limits
Not make it mandatory. If it works, clients will want to sign up for it.
Functioning software to trial that clients can use before making tax digital becomes compulsory
Nothing. My clients will be completely confused by it.
Scrapping of the scheme for small clients. We suggest a 50 employee threshold in line with audit thresholds.
No comment
Enable it to be transacted annually not quarterly. I cannot see the great advantage in quarterly reporting
experience
Ability for smaller businesses to use a simple spreadsheet to collate data and then upload the outputs from that spreadsheet. For VAT registered clients, minimising the differences between the work required for a VAT return and the work required for the quarterly digital accounts submission.
The provisions should not apply to partnerships and LLPs which receive a formal audit opinion.
Not filing quarterly
significant de minimis turnover threshold
They will need their accountants to comply on their behalf. Long time sole traders will not easily change their record keeping.
A lot of 'hand holding' plus a lot of ongoing help from HMRC not 'one off' 20 minute webinar. Also HMRC help will need to be flexible to come out and see customers outside normal working hours.

‘With reference to your answer to the previous question [what financial support it might be reasonable for the government to provide], please state your choice (ie 'incentive payment', 'ECAs', 'voucher', etc.) and why you selected it. Please use the comment box below.’

not everyone will need to incur massive costs on equipment, the main cost being software which could be as little as £3 per month - hardly enough to encourage compliance so needs to be based on meeting obligations and actual cash in their pockets
Incentive payment- more effective
ECA, easiest to administer.
Voucher as incentive payment not available until after compliant! Ca's available now - people will need equipment - but more importantly training and help but don't put in too many hoops for people to have to jump through in order to use those vouchers - both by taxpayers and the providers under such a scheme.
prefer cash
incentive payment
Voucher or similar scheme: Ensures appropriately targeted support with spending on qualifying products only.
Money - cash, initially spread over a period of time - year?
ECAs
Tax-free payment to taxpayer: if HMRC wants this ill-conceived nonsense it should pay for it, in full; Fiddling with tax relief still leaves the taxpayer bearing 60% to 100% of the cost; Voucher schemes are open to abuse
ECA's would be simple to administer
Incentive payment - easiest and simplest method of reward.
ECA I don't think the government should directly fund purchases, instead the proposals should be phased in over a time period such that businesses can include the investment as part of their overall planned improvements.
capital allowances - many small businesses wouldn't have significant CA Claims anyway, the costs they incur would qualify for a tax deduction anyway - eg accountancy fees
Incentive payments - this is likely to encourage businesses to commence the transition and sign up for the trial. For those without existing access to IT equipment or internet services eg rural committees or those working offshore, access to government grants or discounted equipment would be helpful to enable them to make the transition.
This will help in the business cash flow and ensure Recipients use the vouchers as intended.
The client shouldn't need to wholly bare these costs and a tax free incentive is the most financially helpful method.
To reimburse businesses that make losses.
Government are offloading their costs to the public (again) so it's right that those affected should be compensated, but only to the extent that they incur relevant expenditure, hence the choice of vouchers as that could not be so easily manipulated
Voucher for free Computer/ internet access.
Incentive payments worked quite well with PAYE and give the business total flexibility as to how it spends the money to meet the requirements - vouchers would be messy and probably inflexible for certain sectors either by business or geography
incentive payment in line with historic PAYE
ECA as costs relates wholly and exclusively to the business and 100% relief should be available.
Incentive payment - potential to give more relief than ECAs and expect to be less costly overall to administer than vouchers.
None. I don't think such schemes work. They are expensive and often don't get to the right people (ie the really small businesses especially those without accountants).

easiest method for most taxpayers
Only a reduction in tax payable will make everyone buy in to these MTD rules
Incentive Payments' this would encourage compliance and receiving cash directly will likely be appreciated more than a future reduction in their tax payments. Providing a voucher would encourage the equipment to be purchased but there is no guarantee that this will be used to carry out good compliance behaviours.
Incentive payment. Simplest
Incentive payment will help contribute to the additional cost of administration burden
ECA to highlight the benefit of capital expenditure whilst making the commitment meaningful. There is no reason why ECAs cannot be more than 100%
This is undoubtedly going to add a massive red tape burden on clients and they should be rewarded for making the effort
Incentive payment simplest.
Incentive payment - anything else is too complicated and not as easily understood by small businesses whereby receipt of money is a carrot many will understand
Incentive payment - this would encourage more people to comply as for once getting something back for meeting their obligations. There is currently no incentive for those whereas there are onerous penalties for those that don't. Clients should be rewarded.
Incentive payments - people like to see a cash reduction in tax (like the Employers Allowance)
MTD requires a change in mind set and people will be willing to do that if they get money off something.
Voucher scheme - a lot of our clients are in rural locations and have no computer and internet service in the area is poor. Unless they have a way of paying for the equipment and services they need, it will not happen (and could not happen without a lot of expenditure)
Vouchers as it will enable them to actually pay for it upfront as many will struggle with cash flow otherwise.
Incentive payments seemed to help with RTI take-up, so could assist with MTD.
Should be an initial deduction against tax liability similar to the employment allowance when we moved to digital for PAYE
A voucher will make the clients considerably happier than being presented with our fees for a service they don't want to have to which for expenditure they don't willingly pay.
Incentive payment because it's a ready reward that the taxpayer will physically see reducing their tax bill.
Incentive payment - easy to understand/easy to follow
simpler than voucher scheme
Incentive as a tax deduction.
Most other costs will be covered by AIA etc.
Vouchers are just another admin problem
To help with the cost, which some clients will object to being forced to have to incur.
More direct so companies don't find it difficult to see how money is received or apply only
Tax deductions
The current AIA threshold is more than sufficient for most small businesses and tax free incentive payment is more flexible than a voucher. Another option could be some sort of tax credit, but this would not help taxpayers whose income is covered by their personal allowance.
Incentive payment - actual cash in the hands of the client would have the most impact on clients
Tax free incentive payment. Fairest and cheapest to operate although in many instances the cost will be borne by the agent and not the business
Incentive payments - clients would not be encouraged by any other offer.
Vouchers are easy for clients to understand.
Incentive payment - easy to implement, clients can see a benefit to the change.
The Tax Free Incentive payments does not work fairly where client's have no liability once reported. This has been used before through PAYE and there were loopholes which enabled some clients to gain an unfair advantage on this.

Other, the financial support is unquantifiable.
Why are all tax payers to pick up the burden of providing this help, when the gain is only satisfy HMRC's big brother behaviour.
Incentive payment - this is more of an incentive to businesses as they can use the money as they wish.
System works
The only way clients will engage with online tax is to see a tax benefit
It is a direct reward, and does not depend upon other actions
Incentive payments would give an immediate reimbursement of costs.
Tax free incentive so that this can be used by business how it wishes and all businesses receive same benefit.
incentive payment - it would be instant and help to keep clients on track
Worked well with PAYE electronic filing
deduction cost + 50%
Incentive is most straightforward to administer.
INCENTIVE PAYMENT - this worked very well when offered for online PAYE returns several years ago.
Incentive payment would both help and encourage participation
Enhanced CA's - no as it presumes that either the client had not already bought the relevant equipment or software and so it would be iniquitous. Vouchers would increase costs as only Government approved suppliers could be used, not necessarily the best ones for that business.
ECAs Easiest to manage
It would/could only be used for the correct purpose.
I suggest voucher so individuals no longer able to file online using HMRC kit have a voucher to help buy requisite kit on open market
See above
I don't see why the government should push any costs at all onto the smaller business who are already often struggling
Incentive payment - easy to manage and immediately beneficial to clients
ECAs - seems to be the simplest and least costly, time-wise, to claim
Incentive payment - in my experience people like actual cash refunds rather than an alternative. They see a more instant benefit.
Clients be reluctant to change if there is no incentive.
I don't think the incentive payments list at 20 go anywhere near compensating me or my clients for the additional compliance burden.
Grants would help people purchase the equipment and software required. If they can't afford it, giving enhanced allowances or incentive payments won't help as this won't buy the equipment/software in the first place
Incentive payment - simplicity and ease of access to all
Everybody qualifies for the payment/relief.
Under the other two businesses who already have the technology are penalised.
Incentive payment to help offset the significant additional cost that this will burden the taxpayers with.
Simplest way to direct the subsidy to the appropriate costs
Voucher scheme - this is a reimbursement of actual additional expense to be preferred to tax allowances or a cash grant
costs to be tax deductible and in the year incurred
Incentive payment - it is simple, should be at a level to cover costs of moving to digital record keeping, and will avoid small businesses bearing the brunt (in relation to the size of their business) of these (yet more) imposed changes
HMRC should fund it 100% and therefore need to provide free software that is fit for purpose.
Easiest to administer for taxpayers and HMRC. (Enhanced capital allowances will be too difficult for clients to understand and the MTD system to deal with and vouchers will be too restrictive and complicated)
Voucher.

to ensure the money is actually spent
tax free incentives - this would be my preferred
ECAs/Deductions. Vouchers are too prone to abuse with dealers charging higher prices where they know vouchers are being used. Incentive payments give the same amount to each business irrespective of the actual costs incurred.
Ease of application
Same comment as above - capital allowance would already cover the cost of a computer for smaller businesses
This is the only fair way, there are many clients who simply do not use computers for their business
Incentive payment - businesses (especially those with little profits) should not financially suffer whilst trying to adopt mandatory obligations.
Easier to deal with, less of a burden on the business.
The businesses should feel money is coming back to them by saving tax when they meet their obligations.
ECAs seems the most acceptable way to compensate for the additional costs
Voucher, hopefully it could be used against the increase in accountancy fees!
Businesses need help to get started on this process rather than receiving income after they have paid for the extra hardware, software, training etc
Incentive payment - it worked well for payroll in the past.
Large Business will need choice of suitable IT so ECA does not penalise that choice.
Enhanced capital allowances or tax deduction for qualifying costs is a simple way for the company to get support. ie reducing taxable profits.
An incentive payment can directly finance or contribute to the additional compliance costs.
Eva is easiest
I feel that the other options are open to abuse
Businesses will have incurred costs at the behest of HMRC it is only right that this should be reimbursed.
Small clients who already struggle with bureaucracy need all the help they can get.
Incentive payment - this will help defray actual costs
It helped sugar the pill when electronic filing of PAYE returns was brought in
It was a good incentive for smaller businesses when online PAYE filing came in, so might work again.
Keep the incentive linked with tax regime rather than cash incentives as CI may be large cost to implement and open to being abused.
Incentive payment. I think this would be a big motivator for the clients to make the effort to comply.
incentive payment - worked well with PAYE several years ago
Vouchers because it will ensure the incentive is spent correctly.
Direct relief easily comprehended by client
To ensure flexibility
Incentive payment - may make clients comply more
Clients will see the incentive as cash in their pocket. ECA's may go unnoticed. A cash incentive may feel more generous to a 'one man band' than the same reduction in tax liability via ECA. Incentive payments can also be delayed until MTD are being met
Incentive payment is the only way to be fair to businesses making a loss
Other- because it will cover 100 % of costs incurred.
Clients need a financial incentive to do this there are no other benefits to them
Small business will struggle to meet the costs of MTD. A business with a £10K turnover will be seriously disadvantaged incurring these costs as a proportion of net profit. A voucher scheme allows the costs to be met on a real time basis.
The whole idea is frankly idiotic, there are already far too many deadlines and penalties.
Voucher. Businesses will need professional assistance and training
Ease of administration and precedents
Reduction of next tax bill by HMRC chosen amount.
it is the fairest way of encouraging expenditure

Incentive payments are more likely to be appreciated as Capital Allowances require advanced spending in the first place
The client will see the benefit immediately
BUSINESSES WILL RECEIVE SOME COMPENSATION FOR THE EXTRA COSTS INVOLVED
Easy to use. Money spent on the right thing.
ECAs' ??? Please use WORDS
It's ENCOURAGEMENT that is needed, not PENALTIES
Incentive payment, worked well with payroll
Tax free incentive payments - a real cash incentive rather than a difficult to administer scheme where the client might not use vouchers (which have a poor take up in industry - you need a 'loyalty card' type system that is automatic.
ECAs: A business should get tax relief for costs incurred in meeting its obligations.
There is a direct benefit to an incentive payment and sweetens the pill of having to take on yet one more bureaucratic nightmare.
Tax free incentive payments - it is the most attractive!
We need some form of incentive payment. Capital allowances and tax deductions should be allowed under current normal tax rules anyway.
Incentive payments: Anything that is labelled as tax free has historically had the biggest impact with my clients.
Most small business will have to spend the monies up front. They don't need to wait a year or more to recover the monies by enhanced tax allowances, etc., or months spent whilst their claim for vouchers or grants is processed.
Voucher - because getting software and advice will be a real time cost to client so don't want to have to wait for cash flow benefit of tax relief. Need the financial support at the time they incur the cost.
ECAs because I think there should be some incentive, and the others have too many downsides.
Incentive payment - this will allow businesses to pay for assistance they need which may be software or could be professional help or internal wages or some other help. Voucher scheme could be too complicated and does not include internal wages ,ECA benefit in cash terms too far away
Incentive payment - should be cash incentive for all and not conditional.
ECAs
Online filing of P35 returns had modest tax free incentives and proved successful. RTI enforcement with penalties but no incentives has been very unpopular.
I will need software
ECA. Enhanced allows work well as an incentive for R&D and I think would work well here. However, if it causes a tax adjusted loss for the client they should be able to surrender for a tax credit.
Other: A major cost will be time spent
voucher - as this will be linked to the purchase
I estimate that a large proportion of the cost will be in relation to additional staff resource in setting up and configuring new software and dealing with the increase in workload. Although there will be additional software costs due to the specialist nature of the business there would be a risk that they might not meet whatever criteria HMRC set.
incentive payment - equal amounts to everyone who complies
Incentive Payment: the only thing that people understand
The largest cost for smaller clients is likely to be advice and therefore the voucher scheme would be of much help
Incentive payment to encourage compliance as happened with RTI.
more widely applicable
Voucher. It is unlikely that software providers will provide free software and if HMRC are not making their own it is unfair to make clients buy software.
Simplest and client gets money in the bank
Voucher as not all businesses have capital expenditure.
Tax free incentives won't help the initial cost. Capital allowances will mean waiting for tax reduction until tax paid = no good. Taxpayers need money immediately as it is going to cost initially - and, I

suppose annually. The training, we suppose will be on You Tube. HMRC should pay the whole cost as this new system is not a choice.
Best way to encourage businesses
Incentive payment. Simple to understand and administer, and would be well received by the taxpayer. Would offset some of the additional costs which would be incurred, which are more likely not going to be capital in nature.
A cash incentive is more likely to incentivise clients who will be putting their own extra time as well as money into this.
incentive payment' as it should have minimum impact on cash flow
Just as it states, some sort of incentive to businesses for changing
I believe it is the best way to encourage take-up
Tax free incentive payment - simplicity
Businesses should be free to spend the support as they wish eg on consultancy services
Tax free payment - only money talks!
I can see clients turning to us as their advisers to help them comply. They may not need equipment so capital allowances wouldn't help but a tax free grant towards accountancy & software costs would be of great help.
Incentive payments - this is the simplest way
Incentive payments as the quickest way to provide a cash contribution to the expenditure
Incentive payment. Easier to manage and provides a direct fund for clients to allocate to MTD costs.
It was effective for PAYE
LIKELY TO BE A DIRECT BENEFIT TO BUSINESSES
Ensure help is used for appropriate purchases
should encourage compliance and adoption
Tax free incentive payments appear to be more inclusive.
Incentive payment. Would offset the additional costs of filing
I think that the company should bear the cost but gain a tax deduction such as with other capital assets.
I also believe need an incentive as well and reason chose capital allowances is because firms might need computers etc as well as software
Waste of time offering those and just carrot dangling to produce another shambolic new system. If HMRC insist on MTD, the public purse should pay for all the costs and produce the necessary secure software for use to access.
Additional software costs will be incurred for clients and additional assistance needs to be given for this.
Incentive - simple to administer and client sees the benefit
Not every business have the use of computers
Would be able to be used easily by any business
less room to abuse I think
ECA - seems a fair way to deal with it
Various costs will arise and few of these may relate to fixed assets.
ECA -- Direct tax incentive to adopt MTD.
Incentive payments as it will encourage and compensate for software costs
This is a quid pro quo and fair to compensate for extra work.
Ease of managing the reward
Incentive payments
Most likely to incentivise business to perhaps become more involved in MTD earlier (as with online filing of P35s several years ago)
INCENTIVE PAYMENT - Puts onus on HMRC to select businesses which are complying. ECA's - open to adviser incorrectly using or abuse by individuals
So it applies fairly across the board to everyone.
None - see above.

Voucher scheme as it will have an immediate effect for the client and help with their cash flow. A tax free incentive or capital allowance would not allow them to see the benefit of the assistance straight away.
Other choices not fair for businesses that don't make significant plant/machinery
Voucher - businesses should not be disadvantaged due to new proposals.
Incentive payment - to be claimed on completion of the obligation. The thought of extra money in the pocket is one of the best incentives for encouraging compliance.
Taxpayers in other countries can deduct the expense of meeting their tax obligations. This will give the incentive not to make the new rules complex or onerous.
The tax free element would at least give the taxpayer some benefit.
Incentive payment - with memories of the online PAYE incentive payments, these seemed to be helpful in encouraging businesses to make the change, and it is now normal. The costs of applying ECAs or vouchers would outweigh the benefits.
Capital allowances. Easier to record and less likely to cause problems.
incentive payment - to allow them to freely choose what software is required
tax free incentive - money will only motivate most
Much depends on how much software will cost - if only modest cost then any scheme will be costly to run for very little benefit. Much more important that HMRC are properly staffed and geared up to handle queries through helplines etc. and make absolutely sure their systems work
Incentive payments might just persuade some clients to move towards digital accounting.
simplest to administer & will also go to those making losses
Not many of our clients have the required hardware or software to comply and will therefore face additional costs to meet their obligations
Incentive payments would benefit all businesses.
Incentive payments. This seemed to work with PAYE records
ECA - because simple to administer, possibly less open to abuse, although not much help to loss-making business unless it is a repayable tax credit.
easy to spend money then
It will ease the transition
should be some cash or equivalent given directly to the business, so incentive payment or voucher, but the wording of the first option makes it sound like you can only get the payment once you have complied - so it doesn't help when you need it, ie before you have complied.
ECAs - relief would be easy to claim and benefit to taxpayer fairly quick. Voucher scheme would have unacceptable level of costs to administer and cause more inconvenience to vendors. Incentive payments would be difficult and costly to police.
system has been used before and was quite successful I believe
Incentive payments - it was popular with PAYE and I think that it is likely to be the only thing that is seen as a genuine incentive.
Incentive payments encourage compliance at an early stage- easier to 'upsell' to part of existing client base.
Tax-free incentive payments were very successful during the transition to online PAYE and are directly available to businesses.
Incentive payments then businesses already using digital are not disadvantaged as against those who are not
Vouchers for relevant software might be the simplest scheme.
Enhanced CAs - the most straightforward option, and less steps involved for business to access the financial support.
Incentive payments as it encourages people to comply and will get the best response in terms of submitting and paying on time
Because it worked well for PAYE online
Because this is an additional burden being imposed which is unnecessary
ECA: it will allow all client's no matter what size the opportunity to claim relief for their additional expenditure
more likely to get clients to participate

It will offset some of the additional costs they will face
Easiest to administer
incentive - people will respond if they see and receive an actual payment
Costs should not have to be recouped via CA or incentive payments, they should be covered upfront.
No comment
because it gives relief for expenditure without cash hand outs
Incentive payment
Clients feel direct benefit
There is direct and immediate relief for cash flow purposes
incentive - simplicity
Gives greatest choice to those who meet the scheme as to how they utilise the funds (not limited to software, capital items or professional fees)
Incentive to comply won't help those who struggle to find the funds in the first place and allowances are only any good if assets are purchased. Vouchers would give 'up front' help to those that need it.
I think perhaps that most users will have the resources (eg computer equipment), in the main, to cope with MTD but it is lack of knowledge and time that might prevent them. Those that need to seek out professional help, where they did not before, will have additional costs and so tax free payments to assist in these costs will help and incentivise individuals to actively seek help.
It worked well with the change to payroll and gives more flexibility on how the money is used. Vouchers would not incentivise those who already have software in place for example
Tax free incentives are more popular with businesses especially sole traders
To mirror the incentive given for P35 online filing a few years ago
If taxpayers need computers to fulfil their obligation and they haven't got one, the Revenue should provide one.
ECA as other options will be exploited by a few and it shouldn't cos the tax payer
No comment
Because the costs are unavoidable, and arise due to an enforced new method of legislation. Furthermore, for the system to be reliable and work properly, businesses will need the appropriate tools to do the job - and the cheapest option isn't always the best, and may bring compromises.
I think clients will respond better to a cash incentive
That will target the incentives to those needing them
Incentive payment - to promote compliance with MTD requirements from implementation, and encourage ongoing compliance.
Much of the impact of MTD will be on the individuals time rather than them incurring additional cost.
It is simple and provides direct assistance.
Voucher
Flexibility
As previously stated unsure how this would incentivize tax payers to comply
Tax deductions and CAs not worthwhile if business makes a loss. Voucher scheme could be abused.
Vouchers to make sure the subsidy is put to its intended use; tax relief is too slow
ECA: This will be easier to introduce and manage than any voucher or payment scheme.
other - to ensure the extra collection of data does not cost the taxpayer
Voucher will encourage clients to research what they need
Incentive payment because ECAs may not benefit all individuals (such as landlords or those not able to make a deduction)
The type of cost will vary from business to business so any incentive needs to be non-exclusive.
Simple
Incentive payment Good records are rewarded
A cash credit direct to their SA account - just look how it worked with filing PAYE on line. It may be blackmail but if MTD has to come in, this would help on the take up (worse luck)
Voucher would mean only the amount needed for software would be used. This is going to cost the government a lot of unnecessary money anyway

incentive payment - easy to administer, everyone is able to claim
Voucher: I believe the tax free incentive payment is going too far by rewarding compliance but that there should be some compensation for the additional costs businesses may incur and that vouchers could be appropriate, especially if they can cover professional advice.
ECAs are the simplest to implement.
Easier to administer
ECA's. A voucher scheme would cause too much of an administrative burden. The tax free incentives are not a way of assisting people in handling their obligations.
Incentive payment worked well for PAYE online filing some years ago.
Capital allowances may not help very small business with low profits, and any incentive should be to encourage into the system, not as a reward for doing so.
The clients will get the training from the provider of the commercial software as part of the software service and that should set them up for life as digital businesses.
It relieves me of much of the burden of training my clients.
Clients feel they are getting something for nothing. Always appealing.
ECA - This seems a fair compensation for those that incur extra costs and low cost to implement.
incentives have worked in the past
ECA/deduction can be more targeted and not just 'free money'
The government are imposing this so they should provide some tax breaks for business' to comply with these obligations
Will allow smaller businesses to equip themselves with the necessary infrastructure before the advent of MTD
Incentive payment in the form of a tax credit to offset against tax liability
voucher - not everyone has the means to fund the additional costs to be incurred in order to comply with the new digital systems
Incentives worked well with PAYE a few years ago.
Incentive payment - it worked well in the past with P35 filing.
Smaller businesses will be paying little/no tax so tax incentives are not helpful
I believe the tax free incentive system (as used for online PAYE end of year reporting) will be the least burdensome from an administration point of view for both my clients, myself and HMRC than vouchers and claiming capital allowances and changing the tax legislation to accommodate them etc
Incentive payment to give freedom of choice over how spend it to help deal with MTD
Incentive - to compensate for actual costs incurred of complying
Incentive payments - Clients with small businesses will benefit from having physical cash rather than a reduced liability. They want the money!
Any support needs to be targeted. There was an incentive when PAYE moved to electronic filing.
Incentive payment - I have seen, first hand, this work well for businesses who have received similar payment for employing apprentices.
The smallest businesses will need the most help, and are likely to look to agents to provide it. CAs/tax deductions/vouchers assume that the business will meet requirements in house. Many will outsource.
Voucher - to ensure that the support is spent on relevant costs
To ensure businesses have access to the IT they require whilst protecting public expenditure
My preference would be for Government not to impose digital record-keeping at all - and save the money on doling out incentives to do so.
Incentive payments is the simplest. No point in enhanced CA's as AIA is at £200k and most small businesses are well within this.
Incentive payments are money in the bank. A loss making or low profit business will not benefit from ECAs. A voucher scheme may offer reduced choice on where to buy the equipment.
ECAs - I believe the other options would be open to abuse.

Incentive payments. Anything else will be too burdensome to administer, and ECA qualifying expenditure is open to challenge by having a dual purpose (they made do without equipment before but will now use it for business reasons beyond MTD).
voucher: it will be necessary for everyone to buy software, and as this requirement is being forced upon them, the government should contribute to the cost
Voucher scheme could be used by all businesses. Any financial support that itself relies on the tax system will add to complexity. Not all bodies are entitled to tax reliefs
Provide hardware - Why should the taxpayer be expected to pay anything in order to do the HMRC's job for them?
Voucher, any costs should be directly refunded.
Many businesses will be required to invest in this equipment solely to comply with MTD.
Incentive payment because for many the cost is going to be high and will affect their cash flow
ECA's. Fair and based on actual expenditure.
Client's will more readily 'buy-in' to MTD if it is not an extra cost
Tax deductions - because it is simple to police and will allow advisers to give one-off tax deductible services in connection with the changeover work (but not forever).
Tax free incentives only answer part of the cost - loss of employee time and travel will be more significant as a cost to the employer.
Incentive Payment
This seems to work favourably for PAYE a few years ago and employers did not complain.
I think this would be easier to run and less costly
incentive payment - likely to have biggest appeal to taxpayers
ECA's - much the simplest way.
ECA - ease of administration on both sides.
If HMRC want to force a certain form of record keeping, eg electronic, over another form e.g paper & pen, then HMRC should bear the full burden of cost. It is not for HMRC to dictate how a business person should spend HIS/HER money.
Incentive payment: to incentivise and reduce the scope for arguments about the expense of making life easier for HMRC.
Small businesses need help at the point of purchase
Incentive payments would appear to be the most simple method to deal with
I didn't pick the CA's option as any support should be provided on an equal basis, irrelevant of how much the business decides to spend to comply. Vouchers would be an added complication to redeem. So directly paid incentives make sense. Client's would then possibly be less annoyed at the extra accountancy charge
Would limit the financial impact on complying
I believe that HMRC is completely underestimating the impact of cost and time on small businesses around the £25,000 turnover threshold. These are one person businesses, plumber/carpenter/electrician etc, who feed families of 2 adults and 2/3 small children (with wife working part time in a supermarket etc). They just about make ends meet. Businesses such as this should receive free support.
Businesses are expected to pay out for this change as with pension auto-enrolment so the government should give cold hard cash to repay part of this cost. The first to come into this system are businesses which are the smallest and most cash sensitive. You need to encourage them to take part not punish them for setting up a business.
Voucher Scheme. I do not have a preference really as I very strongly disagree with 'making tax digital'.
Simple & utilizes current system
Incentive payment
Voucher scheme - as this would seem to be the only method which saves the taxpayer having to incur the costs on items which are not wholly and exclusively for the purposes of their trade.
Many clients do not have the equipment, knowledge or training to meet the requirements and would have to invest heavily.
Tax free incentive payments - HMRC are the beneficiaries and therefore should pay for it

ECA
Any additional compliance cost borne by the taxpayer as a result of this change should be refunded to the taxpayer.
Voucher - this would direct the support to where it is needed.
In times of austerity, HMRC is unlikely to give away much of financial support, but the Treasury might make funds available to monetary vouchers that can be redeemed for qualifying expenses in respect of which the parameters for claiming can be tweaked according to the take-up and cost to the Treasury
Incentive payment - worked well for PAYE before
Clients get deductions for the actual costs incurred.
Incentive payment. Cash incentives normally encourage people to do things correctly.
incentive payment
incentive payment is of more use to a small business
tax free incentives have proven successful in the past when PAYE online was first introduced
ECA - the client can more easily claim this when preparing their tax return, rather than having to apply for and claim payments or vouchers.
Why should the business bear additional IT and software cost? It should be a simple free filing tool. Incentive payments and vouchers etc would only complicate the matters as whole set of new rules would have to be introduced.
Need to encourage and incentivise
Voucher - most flexible, practical and effective
All of them. HMRC has totally underestimated the cost of this. I profoundly object to it
Incentive payment
Administrative ease
Vouchers as this will provide the most immediate help with complying with the new requirements.
Voucher. I have clients, mainly those with rental properties, who do not own computers and will have to incur substantial costs on equipment and broadband services and computer literacy training in order to get set up. They will either need help to do this or need their agent to do it for them.
Think it will ease the way if clients have cash as likely to pay accountants to help.
Voucher. I think that a large number of clients will need to invest in up to date technology and software
Incentive payment. This type of incentive has been used in the past and since it would be easy to administer if linked to the submissions. Costs are difficult to estimate when it is not clear exactly what is required but there will be costs -for both equipment and time
Incentive payment because the funds are needed immediately
Incentive
voucher might not be paying tax
Incentive payments worked well with PAYE online filing.
Voucher scheme against software costs as it will incentivise clients to invest in computer software if they currently do not use any.
to save clients wasting time and money on getting software that will not suit them/their businesses
Tax payers will resist costs of implementation and just bank incentive payments whereas vouchers will tend to focus on what is beneficial.
Do not agree with any of these, I think that this is an imposition and HMRC should pay and supply the software. Or reimburse the cost of the software, opt just a tax deduction. This a major liberty they are taking. This is a tax by the back door low income individuals who can least afford the additional cost.
Small businesses get financial help to set up new equipment or get training from somewhere.
Similar to the introduction of RTI, HMRC should consider rewarding those who meet obligations in the early years of introduction of this new service, and not necessarily punish those who don't or can't,
No choice selected - businesses have been unpaid tax collectors for many years (eg PAYE & VAT), why should the situation change due to MTD
Incentive payments will help taxpayers to pay for professional assistance.
Incentive payment in my experience it is always better to have cash!

Incentives payments would be available to the majority of our clients whilst the vouchers and capital allowances would only benefit a small number.
This has cash flow advantages
Incentive worked well for PAYE online. Client can see the benefit more clearly than from, say, a lower tax bill.
Voucher
More objective
Vouchers would get lost, complicated to redeem. The incentive payments should be automatically offset against liabilities.
An incentive payment treats all businesses equally, ie some businesses may have the computer equipment, software required already and would miss out on any incentive in the form of additional capital allowances or vouchers.
Time is money, if you are going to insist that people spend less of their time working and more of their time doing compliance work they should be compensated for it.
INCENTIVE PAYMENT - small business owners don't want to be told where to shop (so not vouchers) and enhanced capital allowances will not incentivize most businesses as they will have to wait for the relief (or could be loss making). Tax free incentive payments similar to PAYE a few years ago might work but would need to be at a realistic level. HMRC will lose revenue with MTD in any case so it could be hard to justify incentive payments coming out of an ever decreasing tax pot.
The obligation would be the same for all, so the incentive should be the same for all. If the incentive was ECA's those that had a higher spec computer would receive more benefit, potentially hurting the small trader with less available funds.
incentive payments - the only way clients will want to do this
Free HMRC accounting software
Incentive payment - this would help offset the additional cost of professional assistance/IT assistance/Software upgrades. Voucher schemes only work for those who apply for them. The incentives should be given to all irrespective of claim.
incentive payment, why should the cost of change always be put on the worker
Incentive payment.
Enhanced CA may not properly award all businesses.
It would help the widest possible number of people
incentives always seem to encourage compliance
Whatever help HMRC gives, it will doubtless be much less than the actual cost to the taxpayer.
Make no mistake - this will represent a huge cost to business.
Incentive payment as not all businesses will incur significant capital costs over that on which they would claim AIA - an incentive would be a genuine receipt in the businesses hand
Incentive payment
This worked well previously
Incentive payment
Clients will do stuff early for refunds. It worked for PAYE P35s being compulsory online.
Voucher scheme
ECAs
I think it is unreasonable for relatively small business to have to pay for this.
Such a payment would incentivise more people to embrace MTD as it would seem that the Government were helping them through the transition.
Most beneficial option to the client base we have here at present
incentive payments to reward compliance
Incentive payment as I think it's most likely to succeed
ECA's - as the relief would be specific to the clients and would work within existing tax and accounting legislation - whereas tax free incentive payments could be administratively would be difficult to implement

Incentive Payments- Cash immediately available and amount not dependent upon taxpayers tax band.
Direct cash help with cost
ECA - 250% of Professional fees relieved for meeting MTD requirements.
simple to administer and only up to a maximum limit or tax liability
Incentive payment as enhanced capital allowances are no benefit to low profit businesses
Seeing real cash in the hand.
The transition is a cost of business and should be treated as such
Due to radical changes there has to be a worthwhile incentive, and there can be no greater incentive than tax free payments
Incentive payments for those that comply to help with administrative burden
Tax incentive was used in past to encourage businesses to file P35s and other year end returns online pre RTI - and this I think proved successful?
Incentive payment - anything sold as 'tax free' peaks client's interest and is more likely to spark them into action
By giving them free workable software it should help the MTD work. Without it, people will muddle through and HMRC will achieve their aim of proper digital records
To give taxpayers the choice as to how the incentive is used
The payments for online P35 filing were effective and enabled a relatively smooth switchover.
Incentive payment - this is the only way to persuade reluctant clients. However, in our experience, incentives will not be enough as some clients will just refuse to comply with MTD as they see it as bureaucracy gone mad.
Incentive payment - Will help to absorb additional costs.
Numerous clients do not have up to date computer equipment
Incentive payments as being the most straightforward and incentivising
Incentive payment will ensure businesses comply before they get the incentive
Clients perception
Incentive payment as administratively simplest and best for cash flow
There is nothing to negotiate. HMRC must be forced to drop Make Tax Digital.
ECAs except that it's not only the hardware but the software that costs. How long would one be able to claim software costs for? I chose this one because the claim would more accurately reflect
the actual costs incurred by a business ie a cloud accounting package may cost more than an app so the client would be rewarded for actual costs incurred. A tax free incentive system would have the advantage of simplicity but would not encourage best practice. If the government wants to use this as an opportunity to help businesses keep better records rather than just doing the bare minimum to meet their obligations then it needs to incentivise businesses to choose an accounting system that is best for them rather than the cheapest way to meet its obligations. Allowing tax relief on say 200% of the software costs would encourage businesses to sign up for a proper accounting package.
Vouchers would give maximum flexibility and allow businesses help in the area where it is needed
Voucher scheme, in case businesses use the cash for other purposes.
Incentive payment because some businesses won't be able to use the other incentives
Incentive cash payment as some compensation for the extra compliance time.
The cost for small businesses, with taxable income below £100,000 should be met in full by HMRC.
EASIER TO MANAGE
All of the above - because businesses will need all the help they can get. This is government imposing extra burdens on business in order to reduce its own ongoing cost base - the benefits should be shared
Tax free incentive payment as a voucher system could be subject to fraud and will be more difficult for HMRC to implement. ECAs will be of limited benefit as it will be the cost of professional advice rather than IT equipment that will be the issue for many.
Enhanced Capital Allowances - Seemed to be the best option
If businesses don't own the computer/software by now, then if they purchase it there will not be competent enough to use it. Use of an adviser/book keeping courses should be encouraged.
Easy

Voucher Scheme would ensure incentive spent on relevant things, and may encourage them to seek advice.
I also like the tax free incentive payments paid direct to business as this is fair and simple.
Incentive payment. From experience when PAYE went online it made it easier to get clients on board if they were going to benefit financially
target funds at areas with poor broadband - establish what adequate broadband is and ensure it is universally available - this will require expenditure which could be covered by a voucher scheme
All incentives should be offered
Automatic tax refund payment with each quarterly report.
ECAs because it will be easily administered in existing legislation
Seems simplest way to claim support and keep costs of administering (both govt and practitioners) scheme down
Incentive payment - I think the largest cost to be incurred by businesses will be the time of those managing the business, so ECAs and vouchers will not be offset this. A voucher scheme may also be useful, but could create difficulties in defining qualifying purchases (and/or would be open to abuse).
Incentive payment - non-discriminatory and useful to smallest businesses
Because it benefits even if business is lossmaking.
This worked well when there was the incentive to file on line. It should be a reasonable amount and continue, more important is that there shouldn't be a penalty system for noncompliance.
Incentive payment worked for payroll filing
Any incentive should not be a 'Golden Opportunity' for rip off merchants
An incentive payment plus tax deductions for qualifying costs should be made
ECAs - already uses rules which most business are familiar with. Reduces additional burden of a new process
Incentive payment as businesses still need to find the funds to buy this equipment etc
incentive payment'
Easiest to operate.
Financial support for new IT equipment, training, etc. should be exactly that. Not a disguised incentive
Incentive payments - client could see this whereas
wouldn't see enhanced capital allowances and may not use a voucher.
Incentive Payment - Easy to administer.
As stated in other - reduction to tax liabilities.
Incentive payment as easy to administer
ECA - does not require yet another layer of rules and exceptions and complexity
tax reduction
easiest to implement
voucher' - I feel that as the government are forcing this change on businesses that the upfront cost of complying should be funded at the point of purchase rather than having to wait until a later date for an incentive or enhanced capital allowance.
This will help with the initial purchase as many businesses will struggle to find the means to pay
Incentive payments if paid promptly as this will provide support to the smaller businesses where cash flow is an issue but will ensure they are free to still choose their supplier/advisor
More likely to comply if receiving incentive payment after filing
No body want to pay for something they are being forced into, by issuing vouchers for additional/new IT equipment it is much more likely people will upgrade.
ECA's
Most staff have a phone with apps. There will be others who do not wish to be part of the digital improvements.
Encourage more businesses ensuring they met the obligations
Incentive payments will go some way to offsetting costs.

It is the least distortive
Voucher - so that costs can be immediately relieved.
incentive payment'
WILL MAKE CLIENTS A LITTLE HAPPIER ABOUT THE CHANGE OVER
Simplicity
Needs to be available up front or at the time of purchase.
ECAs ensure that the client has to incur the expenditure to get the benefit
ECA
Incentive payment - easier to administer
Surely voucher scheme will be more costly to administer for government?
incentive payment
Incentive payment - clients like these
This will stop leakage from the system and make it completely clear which costs are covered.
Tax incentives and enhanced tax deductions are 'complicated' for micro-businesses to understand. HMRC should not subsidize accountants/book-keepers indiscriminately and cannot quality control the advice given.
Easy and simple.
They would have to comply to receive the incentive as with online filing for payroll.
Incentive payment - because this would be hard cash.
See 'growth vouchers' program run in 2014/15 - direct financial help up to (eg) £2k which could be spent with approved providers
Incentive payment
incentive payment
Most of clients will have to start from nothing.
I feel that clients always feel a lot better when they actually get something tangible for their efforts. Not all clients fully understand the capital allowances and tax deductions system so may not feel they are actually benefiting from the extra allowances.
Incentive payment - it's the simplest and easiest for people to understand and being incentivised.
Many small businesses will be covered by the annual investment allowance so tax relief/ deductions will not benefit them
If you receive money more likely to comply
Incentive payment: Government [HMRC] requires system so why should taxpayer/agent finance project.
More likely to make businesses comply if there are incentive payments once MTD has been processed.
Incentive payment - Start with a voluntary MTD scheme with financial incentives to participate - start small and build up. Incentives need not directly connect to additional costs, since I would expect tax relief to be due anyway on business equipment and software
Vouchers - why should sole trader small business have to cover this cost
Tax Free incentive payments probably provide greater motivation.
Because if the government are forcing this on to us then they should pay for it
It would be considerably more sensible, and cheaper for everybody, to not force changes without fully testing the HMRC infrastructure
ECAs - fair and simple to apply
Similar to RTI
I think a similar system worked with a recent PAYE change and it would be simple to administer.
Tax free payments like the PAYE ones a few years ago just added complexity to the system for a number of years.
Incentive payment - immediate visible impact
A sizeable majority of taxpayers have no real understanding tax matters however much the subject is explained to them; they look to their agents to sort it out for them. To them, tax compliance is an annual chore and will not take kindly to it being replicated throughout the year. They are 'customers' after all!

I mainly deal with small business so payments to them is generally always welcome!
Vouchers - if computers and software obligatory then HMRC should contribute
Disenchanted with MTD and none of these suggestions really help. Ticked the solution which might help ease some burden, but I have little hope
ECA's - A tested system less open to abuse.
It can be automatic.
Incentive payment - businesses will incur substantial costs on the transition and a simple form of recompense is best
ECAs and tax credits based on the amount of expenditure on materials, software and training.
ECA - CAs exist today and an extension is easy to arrange rather than a new scheme
Similar to the incentives paid for early adoption of the online PAYE
This will encourage taxpayers to meet their obligations and will reward them.
see box above
n/a - should not be necessary if they do it properly. If a business is really small with a low income they should just be able to do it on a smart phone. Many of them use those for credit card receipts now - eg even independent street food stalls
Can be more selective in people applying for & using system.
Incentive payment- if this were offered then clients would think it worthwhile operate in the new regime.
Voucher - this will help with extra costs to be incurred by many of my clients who do not even own a computer or digital device.
Incentive payments offer the possibility of abuse if not policed properly. Voucher scheme will require too many anti-abuse hurdles to be overcome to obtain them.
Incentive deducted from tax liability or added to repayment. Vouchers etc can be open to abuse. Lower tax payments are more of a carrot.
Probably the easiest to administer and understand, both for the client and agent.
HMRC should provide free software for small businesses below the VAT limit.
Tax-free incentive payments are relatively simple. They have worked before.
as above
Voucher will hopefully be used as intended.
Incentive payments at a realistic level would lessen the economic costs for business.
incentive payment which can be used by tax payer to buy training or computer equipment as required
Incentive payment to cover extra costs incurred
general award to compliance
INCENTIVE PAYMENT - most small businesses, particularly those who have been trading in excess of 10 years are not interested in the digital revolution. Most businesses which employ less than 5 people were set up to provide the owners with a 'living' and not to become an entrepreneurial type of business. If these businesses are to continue a financial incentive MAY help.
specific to a business meeting its obligations
A tax deduction similar to the NIC incentive
Small incentive payments direct to the taxpayer - to encourage take-up of what should be an optional service probably for some years while it settles in. Vouchers or enhanced allowances may make taxpayers defer investments in the period before the scheme starts
Incentive payment - all businesses will then be able to access this ECAs would only work for those businesses who have capital assets and vouchers would tie clients to specific vendors of equipment/ advice - so not a level playing field also very bureaucratic to administer
Vouchers - should be provided with full training, computer and software support. Vouchers is probably the best way of doing this.
Voucher - sounds like it could be simple to implement
See above. I cannot see a benefit of MTD to many of our clients and hence the financial help should be big as possible
If it simplifies red tape and saves money, in theory it is an obvious justification to change, so why a need for an incentive? Suggests this may not be the case.

Voucher - because this can help with up-front costs, as opposed to waiting for a capital allowances claim.
A voucher, with some stipulations, means the client can use it towards something its business will benefit from specific to each business.
Incentive payments. ECA's only beneficial if taxpayer realises a profit. Voucher scheme seems open to abuse
Voucher - so there can be no excuse that the businesses do not have the required equipment to comply with their obligations
Voucher - this should be help with compliance, not a reward for being able to do it. A reward would simply provide money to those who can comply anyway.
Voucher scheme - to cover the software required for a few years.
ECA because clients could cope with this with simplified accounting
Incentive payment because this is a direct reward that is identifiable with compliance. The use of ECA is not identifiable as a reward for compliance. The use of vouchers undermines the value of the services purchased.
Vouchers seem a better targeted way to me
Businesses are being forced into this and it would be yet another unwelcome cost in addition to the Living Wage, Auto Enrolment etc that businesses are struggling to afford.
Incentive payments , worked with on line payroll
Small businesses and landlords may need financial support to acquire or update computer equipment and/or buy online software that have not been necessary before.
Voucher - because it matches the need to the expense.
Tax free incentive - proved successful with PAYE.
The business chooses which software to use and will not be limited by the tax-free incentive payments which will no doubt be limited
I think that only hard cash is useful in convincing clients!
INCENTIVE PAYMENTS
Ease of use
ECAs - as they would not be an immediate up front cost for the Government.
Incentive payment - people would like to see cash back
Incentive payments make the idea more appealing
incentive payment so it can cover the additional costs it will incur
a fee recovery scheme (set fees dependent upon say turnover) for the additional filing obligations created
ECAs are already widely understood and would require minimal work to introduce.
Simplest method
Tax free payment - there is a real cost which needs to be met; vouchers would be very complex to administer
It is a 'real' benefit
Incentive payments - This worked well with my clients when changing payroll from paper to online filing and I think again would work for this change
Simplest and would not penalise those who save costs by spending additional time, or who use an accountant to help meet obligations rather than investing in equipment and training themselves.
Incentive payments would give a cost saving to businesses even if they already own the relevant technology.
Easier 'sell' to clients to participate willingly.
Worked well with PAYE online
A voucher is an additional area of administration. Capital allowances reduce tax but the business would be left with the net of tax cost of something which is of little benefit to them and a lot of benefit to HMRC
Immediate cash benefit to business
Voucher scheme may target held to those who need extra investment to meet requirements
Any payment will be an inducement for businesses to try and comply
Simplest to administer - no refunds to lose in the post.

Flat rate deduction = simple.
Not applicable.
Voucher - should be simple but not open to abuse
Incentive payments. Easy to understand, removes any suspicion of payments being issued with a catch.
Incentive payment to offset the additional costs involved - worked well with on-line PAYE filing.
receipt of cash payment will encourage more people to bring their IT equipment up to date
Incentive payment provides tangible and immediate real incentives.
ECA - easy for the taxpayer to apply - voucher schemes/applying payments means the taxpayer doing something which always causes problems
Don't know
Incentive payments - to cover costs such as software, training, additional accountancy fees.
Incentive payment. It worked fairly well with regard to on line filing for payroll.
Tax registered businesses are already known to HMRC through the SA systems, so it should be straightforward to credit funds directly into the appropriate taxpayer tax accounts.
Many artisans such as plumbers, electricians and painters and decorators will undoubtedly struggle with the requirements of digital accounting and most will probably require the assistance of qualified accountants to comply. I can see no justification whatsoever why these small but vital businesses should have to meet any of the costs involved.
ECAs Based on R&D rates
If the scheme is right none of these are needed, the costs should already be deductible.
Voucher so it is not yet more work for advisers.
Incentive payment
This worked well when it was introduced for PAYE filing s number of years Ago
N/A
Incentive payment - seems the simplest way. It would be a lot better not to have to do it though!
Other: needs to be something that the business does not need to deal with but effectively a discount on what they pay.
HMRC will require to provide incentives to encourage clients to adhere.
Voucher - Ensures that the financial support is used for its intended purposes.
incentive payment because the ones who need help will pay very little tax so capital allowances etc will not be worth very much
It will ensure clients use the support as intended
Incentive payments will ensure that the client will follow this
Incentive Payment - this encourages businesses to meet their requirements before receiving the award and reduces the opportunity for them to benefit from something that they do not then use towards their MTD obligations.
If it is going to be imposed, then any or all
Worked when they did it before
Incentive payment. a carrot rather than a stick
Tax free incentive payments - so that the assistance does not produce additional tax issues and the assistance will be viewed by businesses as less of a burden.
Virtually all of my clients are sole traders with no staff. If they are going to have to deal with this themselves they should receive compensation for loss of earnings!!
Businesses like anything headed 'tax free'
Clients want to save money and the best way to see it is to receive it directly in their bank.
voucher - Likely to be of more benefit to smaller businesses
Grants and incentive payments are 'easily seen' whereas capital allowances, tax deductions etc are often 'lost' and people just pay the tax they are told to with little reference to previous years. Plus the incentive payments would be quicker and closer to the time of spend.
As above
Keep it simple and it is a carrot to make it work.
keep it simple

Incentive - it encourages adoption and is only paid when they are compliant, increased CA's could be mis-used
Don't agree with any of the options. HMRC should provide the necessary software free.
Incentive payment - I consider that the costs should be met in full by HMRC/Treasury/Government, since MTD is entirely for their benefit. Incentive payment is the simplest to administer (cp PAYE incentive which works very well).
Voucher - allows businesses to get additional support/professional advice (not everyone will have capital allowances)
Most people have a laptop or tablet with which to submit returns but accounting software can be prohibitively expensive (or even completely unnecessary) for smaller businesses. Helping with the costs of software and training in its use would be invaluable. Maybe too a contribution towards accountancy costs to help with say, first six months of reporting?
Incentive payment. Businesses will loathe MTD. Any incentive has to be clear and straightforward. Vouchers which will no doubt not be relevant to many or complicated to redeem won't work. AIA's already offer great CA incentives and most small businesses get nowhere near that threshold, so there is no need for further CA incentives.
It is the simplest
Only direct incentives will work. Anything else will be insufficiently attractive for clients to be bothered.
In the absence of cash free incentives clients will be extremely unhappy with the additional compliance burden that MTD will create.
It seemed the fairest option for all users
The compliance costs will increase significantly whether they be by requiring additional software or time spent by agents fathoming out MTD. An example being the changes to the Form 42 introduced - a time consuming shambles that is worrying for future MTD projects.
The theory is suspect not the cost.
Easiest to administer....how would enhanced capital allowances be reported under MTD - something else to get wrong!
YOU CAN LEAD YOUR CLIENT TO WATER BUT YOU WILL NOT BE ABLE TO MAKE HIM/HER DRINK
There will be a significant cost to businesses to become digital, and it is wrong to increase the burden on our smallest businesses, many making such modest incomes. Government is making it harder and harder for people to take the leap and set up in business and be part of our economy
This should help offset the costs of setting up.
1) incentive payment
2) what will give the most incentive
Incentive payment so that the money is there immediately to purchase new equipment etc. It is a large expense for taxpayers that do not own a computer or have broadband etc.
Relief upfront
Businesses not having to suffer costs then wait for relief/incentive
Can be reflected in the actual tax bill reduction
Tax free incentive payment. If the government want this madness they can pay for it!
Whatever clients choose to do, they'll either have to pay for hardware/software they do not have, or they'll be funding extra professional fees - if their adviser has either the time or the inclination to assist with the quarterly submissions.
most people are motivated by money, not everyone has capital allowance if they already have a computer etc
Client needs to physically see the incentive
Incentive payment - psychologically people would see this as more of a benefit in physical terms.
tax free cash incentives - worked OK with online PAYE in past
Voucher - flexibility on how to use it.
incentive payments
IT WILL BE THE SIMPLEST
Less admin needed to claim

No preference. Giving an incentive is not going to make people happy about having to use a scheme that increases workload forever.
Worked well for PAYE online filing - other forms could be more difficult to claim.
Incentive payment - it could be claimed in the MTD report rather than through separate application procedure which would hopefully involve less complexity.
Incentive payments to ensure those taxpayers who are already paying for software are not at a disadvantage to those now being funded to come into digital
Vouchers against computer purchases since Digital requires such equipment, it would be unfair to introduce such an obligation which could be a burden on small businesses. I think it would affect the smaller businesses so the incentive should be restricted to them.
On the face of it easier and more obvious than trying to get tax relief and adjusting computations etc but of course HMRC could sort that digitally
Voucher - this will cost a lot to implement
I think it will ease the burden somewhat
Voucher - incentivising people to meet their legal obligation doesn't seem right
Incentive payment - to encourage businesses etc to take it up as soon as possible.
Tax deductions for qualifying costs, as nobody expects this to actually save them time and money!
Actual cash, or a discount on tax rate is simple to operate and easy for clients to appreciate.
Tax deductions for qualifying costs - as otherwise it would be unfair to businesses.
Clients generally like something that is Tax Free.
This would help incentive small business owners and hopefully benefit the wider business community as a result.
This will encourage businesses to engage and start to file early or on time. Enhanced CAs, vouchers etc will not benefit a business that already has technology equipment etc. Again, it worked with early on line filing for PAYE.
I don't like any of them and have chosen my least disliked option.
It worked for PAYE online filing years ago and could be phased in over 5 year period or so
It's the only way of getting clients motivated.
They will need extra money to comply with this nonsense and time to do it.
incentive payments are the same for all and fair
Incentive payment - its the most straightforward
ECAs - good for the economy to incentivise investment in technology. More interesting tax computations!
This is a difficult thing to sell. It will cost businesses more. When we switched to payroll digital there were incentives for early adopters. The amounts were quite modest but the nudge worked
Most people have computers anyway - Too much of an incentive is unnecessary
Low profit business may not benefit from capital allowances.
Clear incentive if payment received.
Incentive payment. Less admin on the tax payer. The voucher scheme will have to be used only with registered participants of the scheme which is just another layer of admin.
Vouchers - seems to be the most simple and targeted.
Although people would need the necessary hardware/software to comply, I am more concerned about their ability to use it.
Anything else is too complicated.
enhanced capital allowances are not understood by businesses and possibly irrelevant if cash basis used anyway
Incentive payments are perhaps the only way that some sole traders would consider doing this.
Incentive Payment - tends to help get people moving
Simplest to administer
To be honest, I'm not sure if it would have much of an impact offering a financial incentive.
Incentive payment - otherwise many clients will simply fail to meet their obligations (or in some cases refuse!)
Most straight forward and avoids abuse of system.

Easy to administer
Incentive payment
The cost of the changeover will be enormous. This should be borne by the Government.
incentive payment
Incentive payment - most likely to motivate clients to conform (similar to online filing incentive for PAYE)
Voucher - Probably easiest /cheapest to administer
An incentive payment directly covers the cost of implementation.
ECA so that only profitable businesses can make use of it. The PAYE cash incentive of the late 20th Century was a waste of money and should not be used again.
Incentive payments, cash is usually needed in business so payments will encourage clients to comply
cash is king☺
Tax incentive payment worked well in the past for PAYE
Incentive payment for simplicity
incentive payment
Easy to understand and cheap to administer
Voucher - growth vouchers worked really well so you could use the same system through Enterprise Nation
incentive payments - businesses will need all the help they can get
THEY JUST DONT REALISE HOW SOME BUSINESS WORK AND HOW MANY ARE NOT READY FOR THIS, INCLUDING MINE
Growth vouchers for Advice from Accountants - this will particularly help small business owners that don't have accountants already and encourage them to seek advice
RTI incentives encouraged clients so this should hopefully do the same
There is history here - it has been done it past and it creates the right frame of mine for taxpayers
No incentives. We'll all be paying for it and the admin cost will be huge. There will be the usual conditions and most people will end up not being able to claim. Better that they spend the money on good quality testing of the software so there are no hitches as usually happens with HMRC software changes.
Vouchers
Voucher scheme as this would likely be the preferable choice of clients.
Government should be aware of, and be able to measure, the additional cost they are forcing businesses to incur.
It needs to be something relevant to most businesses and vouchers or capital allowances may not be, especially with AIA at £200k.
The unknown costs can cause nervousness, so knowing all these costs will be reimbursed may help reassure businesses
Reduce the burden of cost on the taxpayer
CAs or tax deductions -better targeted to those business that really need assistance
Incentive payment - to recompense the poor long suffering SME for the hassle across the board ie if no AIA etc, then no allowances claimed then no incentive received
Incentive payment
ECA - therefore only honouring costs incurred
Incentive payment - good for RTI / online filing
As there are many businesses who don't actually use capital allowances. Why penalise them?
VOUCHERS ARE OPEN TO ABUSE AND UNREPRESENTED TAX PAYERS WOULD MESS UP THE CAPITAL ALLOWANCES
Incentive payment but should be sufficient to pay the cost.
Small businesses already have too much red tape and the cost is a burden.
.
Incentive Payment - easier to use and opt for the correct equipment and software
Cash refund similar to when PAYE was introduced is the only fair way.

Voucher - simple for businesses to use and understand. Tax free incentives could also be simple but businesses would no doubt get these sometime after the expenditure relating to the obligation had been incurred.
Increasing time and money spent on bureaucracy equals lower profits and ruined businesses
Assuming that the incentives last a good while they are the simplest way to encourage clients to do this. Cash in hand is good. They also need to be significant incentives.
ECA - so the cost is tax deductible in full initially
ECAs would seem pointless given the AIA already available and between the other options a voucher ensures it is spent on the required items.
Incentive payment, as this is the most likely to encourage people to comply. People who have already invested in software etc should not be worse off than those who wait.
Tax free incentive payments will help cover the different range of expenses which will be incurred, such as training, which the other options would not provide.
Tax deduction is simplest method. Vouchers would be complicated to administer and incentive payments likely to lead to more bureaucracy.
Tax free cash incentive is the simplest and fairest. Some businesses will not benefit from CAs
Easiest to administer-applicable to all relevant businesses whether or not capital intensive or already have software/hardware
Because the cost of compliance will be significant. You can't increase from annual filing to quarterly without increasing costs. The majority of clients do not use software packages unless the business grows to a point where it is essential
It worked well for PAYE, though a shorter incentivised period would be acceptable. Perhaps two years.
Similar to old PAYE incentive for online filing
The costs of MTD will cause many businesses already struggling more financial problems
It is the option which is hopefully least open to abuse and will encourage compliance (not that I agree with the MTD proposals).
No reason
Because the cash payment for early PAYE filers worked very well. Any scheme needs to be simple and easy.
Anything else would be too difficult to administer or police
cash flow advantages
Because the benefit of this policy is to HMRC it follows that HMRC should bear the costs.
Easiest to operate
least easy to manipulate
It seems the simplest method for small businesses and easy to understand.
Quicker and simpler
this would encompass all those affected
It worked for filing the old P35's so there must be some encouragement to taxpayers.
Accounting for capital allowances and vouchers would complicate matters for those without an agent to make the appropriate claims.
incentives helped with PAYE online reporting
simple to implement
Advice will be far more relevant than hardware.
The government should meet ALL of the extra costs if they impose MTD.
This is an imposition for no benefit. If ,as they say, it will save time, let them put up the cash to cover costs of any unforeseen (by HMRC) costs
successfully used before (PAYE)
People/businesses like an incentive especially if tax free
To ensure that is used on expenditure it is meant for
I feel the Tax free incentive is more likely to applicable to small businesses that are most likely to be affected adversely
tax relief on costs incurred on something being imposed is not unreasonable
simplest an least effort needed

experience with online filing of PAYE returns
Easiest to administer
Positive encouragement, is the best means to encourage the implementation of a system that will mean big change - businesses/people are naturally risk averse / change resistant as a general rule
The cash incentive worked well in encouraging online payroll some years ago
Significant costs should be covered rather than just a cash payment.
Simpler incentive
Simplicity - Other options would probably require more administration, knowledge and action on the part of the taxpayer
Cost constraints will mean that a tax service may not be able to be provided by my firm, if we have to purchase software to file tax returns. This provided free currently by HMRC, and if commercial software is the only option, the tax work may have to be out-sourced.
It's the simplest to implement for HMRC
Older clients (50 years +) who do not use computers much will incur much higher accountancy/bookkeeping fees as they will have to pay someone else to do it.
It specifically can reduce an agent's 'fees' and thus give incentives to client and agent to work 'with' HMRC rather than write off this new initiative as 'something else done by HMRC' which has no bearing on the ordinary person.
Seemed to work well with incentives to file PAYE online and less bureaucratic than vouchers etc
some businesses will need to purchase computer equipment or agent help
It is the most straightforward method of support.
Lessen the impact on clients.
None really. MTD should not apply to small businesses at all. A small business would already be covered by AIA for capital expenditure.
Businesses may already have computers for the business but not use for accounts. Bespoke packages will more than likely be needed.
Ensures those who comply benefit most
To counteract increase in accounting fees
I think it would have the most impact.
Probably already have computer equipment but will incur greater third party costs
Clients will have mandatory costs imposed and deserve reimbursement
incentives must be targeted and a voucher system would allow this
Simplicity
Most straightforward to administer (via agent)
Capital allowances are a timing issue only. Businesses should be compensated for the unnecessary additional costs incurred as a consequence of MTD
Experience of RTI and other digital systems being forced on people
see above
Simplicity and something that actually impacts the taxpayer.
An enhanced deduction would give the government greatest visibility over the actual costs of this policy decision.
straight forward to administer
Don't see how enhanced capital allowances would help given the AIA limit or if client was using cash basis. Voucher schemes could be an additional burden.
Like R&D, it should be encouraged to get a smooth transition
Capital allowances are easier to deal with. Both vouchers and tax free incentives could be limited by HMRC. By having capital allowances etc, these could be used ongoing to help clients manage the MTD and not a one off.

‘Are there any other types of business which you think should be exempted from the requirements of Making Tax Digital? Please use the comment box below.’

Older people
Don't know.
Any business which has is small for SME purposes ie fewer than 50 employees
It should be voluntary not compulsory
No
No
All: MTD as presented offers considerable expense and upset for no perceptible benefit to either taxpayer or society
Rental business income - honestly this is not a sensible proposal, the rents are so small anyway in most cases, it is crazy for these clients to have to report quarterly. I think other trading businesses should be exempt below the VAT threshold.
Not for profit entities, membership organisations.
All of them.
there are many small community organisations which may not be formally set up as charities but which are not intended to be profit making or which operate to cover costs through the medium of a limited company.
ALL!
Non-VAT registered traders
Trusts
I think it should be all or nothing. Exceptions create even more complexity.
No business should immediately be under a compulsion to use it. By all means trial a new 'system' but do not force all and sundry to use an untried/untested system.
No
Not for profit members organisations
Farms (or at least given an extension around harvest time)
All landlords and businesses with turnover below the VAT threshold.
All businesses up to the prevailing VAT registration limit.
Landlords and any trade who does not have steady income throughout the year, or they will be expected to update their digital account when they are at their busiest and most profitable, perhaps being detrimental to the business
All businesses
Possibly start-ups for first year.
Sole traders below the VAT limit. Some only know how to lay bricks or hang a door. They can't even write an invoice properly, let alone use a computer
Micro sole traders as they struggle with book-keeping burden and RTI and auto enrolment already so couldn't pass on more additional costs
No other types should be exempt.
Those approaching retirement. What's the point in getting a digitally inept 60 year old to go online and get up to speed with MTD when they're planning to retire at 65?
None
It should extend to all businesses
All businesses should be exempt, it is a ridiculous
time consuming idea, with no benefit for anyone as far as I can see.
All businesses
Not sure
All with turnover under £100k
Exemption based upon age of business owner.
None
Community Interest Companies

no just increase turnover threshold £10,000 is ridiculously low
Members clubs
People without good internet or without computers
Foreign rental because of the difficulties in obtaining info more than once a year.
Other non-profit organisations such as clubs run only for the benefits of members
see 16 above
Trusts and estates
cash based - taxis
Rental income
No
All businesses that do not already choose to use software packages that will be accepted by MTD!
Not really, it's just an additional burden on everyone.
Any business trading below the VAT level as a minimum
Farmers
General Practitioners
No business should be exempt unless the person running the business is not able use a computer or the business is in a remote location.
Small businesses which are not currently digital and who would experience difficulties in meeting these new requirements
Actors
Overseas businesses
NO - All should be included.
Micro and small business
Professional partnerships
No
As a bare minimum if you are below the VAT threshold this should not apply to you.
Property rentals
No
Profit of less than the personal allowance
Everyone. Scrap it.
None
Small unincorporated businesses, property income
Small
All businesses, the whole idea is frankly idiotic, there are already far too many deadlines and penalties.
Small companies and non-incorporated businesses
Simple CIS only clients up to modest turnover threshold (see above)
introduction is a step too far
Sole traders; small businesses
I have a 50 year-old client who is an excellent CRAFTSMAN, but has never used a computer.
I raised this point at Accountex2016 (where I was also an exhibitor)
no
Small sole traders with no employees, turnover under £50,000.
All not-for-profit organisations.
All businesses with a turnover below the VAT registration threshold, currently £83,000
All the small businesses that don't use computers for anything now and that don't use smart phones.
Small organisations such as Masonic Lodges, etc., although many of these will be below the proposed £10K turnover limit - but not all.
Can't think of these until know what the threshold will be for those that don't have to do it
None
All businesses - the whole idea is a complete business killer and should be scrapped

MTD should be encouraged, perhaps with a small financial incentive, NOT enforced. Some clients are not even using computers and have no digital access.
Farming businesses given the annual nature of income and expenditure - quarterly reporting would be meaningless.
Personally I think partnerships are far more difficult than companies. The order of inclusion should be reversed, or maybe only include in MTD businesses required to fill in the detailed P&L page on the self employment pages ie income over £10,000 but under £15,000,000.
All!
Non-VAT registered businesses
Microbusinesses below VAT registration threshold
Any business owner or landlord over the age of 70
Trusts with property income
bodies registered under the Industrial & provident Societies Acts which often perform 'pro bono' tasks without being registered as charities
CICs
All businesses with turnover below vat threshold
SMALL SOLE TRADERS
Child minders
All small businesses below VAT and all landlord property rental businesses
yes
None
Small limited companies
no
Turnover less than £40,000
Pension Schemes
Businesses run by the over sixties.
I see no point in requiring small businesses to report quarterly in the first place.
It will not stop the black economy, nor will it generate more tax, but it will increase revenue for HMRC in the form of noncompliance penalties
small businesses under the VAT threshold
all - I fail to see the benefits in making this change except possibly to improve cashflow for tax takings
Apart from those unable to use digital for religious or other reasons no. The same rules should apply to everyone, unless there is to be a period of voluntary engagement which will presumably negate much of the benefit HMRC sees in the whole exercise.
All businesses with turnover below the VAT threshold.
Businesses under Vat threshold
Companies which are also CASCs where no tax would be payable.
All of them! As a maximum it should apply to Ltd companies with turnover exceeding the VAT threshold.
Trusts
Non-profit property management companies that manage small blocks of flats
All of them
Not particularly - but the businesses listed above should be exempt as eg for charities it would have major impact on their expense levels
Landlords with less than 3 properties
Small
Trustees
medical practices and all other partnerships and sole traders

Businesses should only be responsible for accounting for their business profits annually. To deal with tax recovery peaks and troughs which I understand is an underlying reason for digital quarterly accounting a quarterly or monthly payment on account system is all that is required based upon the prior years liabilities as at present.
Not sure how estates and trusts will be affected by digitalisation.
the smaller farming community
I think they should start with the largest incorporated groups/companies and work down, learn the lessons from these organisations (who will inevitably be more able to deal with the requirements - for many a simple extension of the QUIP process, for example). - what is being proposed is simply unworkable
small businesses with up to £200000 turnover
None
Company limited by guarantee
Non Profit making organisations
CIS subcontractors
Micro businesses
New/start-up businesses should be exempt for the first 2 years.
All businesses below the vat threshold
Self employed and individuals in receipt of rental income. I think this should only apply to higher rate taxpayers in receipt of investment income where HMRC can obtain the details from third parties.
Landlords with less than 3 properties
Below 83k turnover
All of them!
I think all small businesses should not need to do this - it will place a very large administrative burden on small businesses whose books of account or excel spreadsheet are quite sufficient to calculate their tax liabilities!
other non for profit organisations
none
All of them!
No
Those in rural areas without universal superfast broadband (many areas will not get this until 2021 in Scotland)
Large companies and large partnerships
If we wish business to operate effectively in the post Brexit world, we need to minimise the obligations place upon them, not increase it and or make enforced change.
Foster carers
Small or Medium size businesses - if making quarterly payments is optional so should submitting info - quarterly info submissions may increase admin to the extent that it has a bigger negative impact than the positive impact of the business having a more accurate idea of future tax liabilities.
people who don't claim working tax credit should not need to comply
Businesses with a turnover of a certain amount, say £100000. They are micro businesses and quarterly reporting for them will be particularly onerous and time consuming in comparison to the business that they generate.
Entities similar to charities, such as CICs and other not for profit organisations
Clubs run as companies, residential property management companies,
No comments
Sole Traders
Small community charities/organisations often appoint new committees annually and will be a nightmare for incoming members who have little or no knowledge of the requirements
landlords who are also pensioners and/or aged over 65
For VAT MTD, businesses below the VAT registration threshold that are not VAT registered should be exempted

Small Incorporated businesses should have no more burden than small unincorporated businesses.
Small companies generally (profits of less than £100000) should be exempted.
Individuals who do not feel comfortable using a computer.
Personally I think they should introduce digital accounts gradually. Make it compulsory for new businesses and voluntary for old businesses. This will allow a gradual testing of the system. Businesses are having to deal with pension auto-enrolment which has been a nightmare. This was a badly thought out system which is not subject to purpose. The government should have pooled the pension contributions from businesses and offered private pension companies a share of this pool. That way smaller businesses would have had the chance to be in good pension schemes rather than the substandard ones they have been left with. Digital tax is a good idea but it will be destroyed by introducing it too fast. RTI still doesn't work properly after four years so HMRC do not have a good track record on this.
No. I do not agree with 'making tax digital'
Cic
SME's
Any business with a turnover of less than £500,000.
small businesses below vat registration threshold
'Making tax digital' is a large package of measures and different elements of the package have different implications so that each element should be considered separately
All under VAT threshold
All unincorporated businesses.
Farmers. Majority are not computer literate and will struggle with quarterly reporting requirements.
all businesses with turnover under £100,000
Those where the nature of the business makes it impractical to retain records digitally.
All of them! I think the idea is ludicrous and has been touted by people who simply do not understand how small businesses work.
No comments
Family trusts and estates. They are generally simple and have no relevance for the Credits system. Keep them out or it will massively increase the compliance burden.
No
No
All !!
All small business with a turnover of less than the VAT threshold. Any 'business' currently run by over 60's , authors , small farmers and anyone where the trade is barely more than successful hobby
I have clients who still do not own a computer and are very worried at having to get one and learn to use it; they do not want one. Those should not be forced to incur the expense and the stress of digital accounting
can't think of any
all sole traders
all small partnerships
Nothing specific
No
The above list is reasonable.
Overseas landlords
Farmers and other Seasonal Trades with Turnover below the VAT threshold
None specifically come to mind.
No, have a fair system for all.
If it is going to be rolled out, roll it out for everyone, but I think HMRC are mistaken in their assessment of the technological capabilities of the average person. I have clients, well-educated clients who can't use excel or a client portal and HMRC thinks they will be able to adapt to yet another thing. When are they supposed to be able to get on with just running their business?
Any business with a turnover below the VAT threshold

I think the exemptions should be made on the basis of financial limits rather than sector exemptions, otherwise the rules become too complex.
No
everyone
All of them
All small businesses with a profit under £20,000
Rental businesses with turnover less than £20,000
Any Not For Profit organisation
Business with turnover under £5,000
None
I think excel spreadsheet should be an option for businesses below VAT threshold.
Trusts and estates
Everyone - because HMRC and its IT systems are so incompetent. Capital punishment for their incompetence over last 5 years should be introduced for George Osborne, the HMRC top board and all HMRC staff earning above £75,000 in last year.
A decent turnover threshold would exempt the sort of small businesses I am concerned about eg child minders, cleaners, gardeners or those who have self employed casual income just for a single year.
Those will language barriers or do not have to IT skills
Unincorporated
All unincorporated businesses save for those above high threshold
Don't know.
Partnerships - there is no tax liability for a partnership (only the individuals) so the rules should be in line with other small businesses (e.g exempt if below the VAT threshold)
No. If an exemption is necessary, ie not computer literate, etc. an exemption application process should be introduced
Business in area with no or poor Broadband
Residents Property Management Company
All sole traders. All partnerships with less than 50 partners.
No
HMRC suggest that making tax digital will result in easier/more efficient record keeping. If this is the case then no business should need to be exempt - rather than considering exemptions, HMRC should ensure the necessary tools and education are accessible to all concerned. Furthermore, additional exemptions are likely to lead to additional penalties, where business believe they are exempt but unknowingly breach an exemption criteria.
All of them
Anyone over retirement age.
NHS Practices due to the compliance burden
All unincorporated business with turnover below the vat threshold, these are the businesses that struggle with bookkeeping, and the costs are going to be high, this would also exclude most subcontractors.
Disabled, elderly and those with no internet access at home/at business. Anyone with reasonable grounds
any business trading below the VAT threshold should be exempted
working men's clubs
Possibly unincorporated clubs and associations required to file corporation tax returns.
no idea
Any business under the VAT registration threshold
Basic rate tax paying landlords
Retailers with stocks and business with long term contracts
All of them!
not sure

Any business with a turnover of less than £250k. They simply do not need this extra burden and cost. I need to explore it further, but I understand that part of the reason this is being introduced is because HMRC believe that taxpayers want to know how much tax they are to pay as they go along. It simply does not work for the likes of farmers where there are wild fluctuations in stock and growing produce values and substantial capital allowance claims. Some cloud packages already allow clients to assess their tax as they go along, such as free agent, but I have never experienced a situation where the tax liability is accurately calculated when we are in receipt of the records. Clients are not accountants, most are not even bookkeepers.
NO
Yes - seasonal businesses and businesses with fluctuating stocks or work in progress.
All non VAT registered businesses
I think anyone who wishes should be allowed to opt out. As with online vs paper filing for individual income tax returns at present
see previous comments
Clients over the age of 70 and OMBs where the proprietor is over 65
Not sure how the proposals for partnerships are going to be workable so perhaps they should be exempt too!
I would add companies being struck off, property management companies with low profits, and mutual businesses with low taxable profits
all business currently exempted from iXBRL reporting, eg WMC
It should be one rule for everyone!
Businesses which have strong compliance records should have a choice- this should not be mandatory
Anybody who asks if they have a reason
No. The tax system is already too complex. Set appropriate rules for particular business sizes and apply it consistently
any business with turnover under the VAT threshold or non-registered for VAT
All with turnover less than VAT threshold
All small business and all individuals we should not be dictated to
Options should be available to businesses which just cannot cope with the use of computers.
Flat management companies - low level of transactions and low risk to HMRC.
Members clubs, small unincorporated societies
Businesses that use the second hand goods scheme, as items can be carried in stock for a number of months. There will also be issues with part exchanges, particularly in the case of motor traders
Those with turnover below say, £100,000 or perhaps £75,000
All entities presently not required to submit a tax return such as small freehold management companies.
Should be optional for all.
All none VAT registered business
Anyone where the info that 'needs' reporting under MTD is less than say 20% of their total income the year before. We'll have multi-millionaires with large salaries, bonuses and investment income and a small amount of rental income. What benefit is reporting that to anyone. Like not having to make POA if mostly covered by PAYE, they should be exempt the next year from MTD.
Those that don't want to do it.
No
Do not have a considered opinion on this.
No
No.
Not for profit businesses and organisations regardless of CASc or charity status.
All businesses should be treated equally, not excluded because of the administrative burden on HMRC.
All with turnover below VAT threshold

Existing small businesses with a turnover of £100,000.
New start-ups from a specified date should be required to comply immediately. This would provide actual figures to see what impact this would have in the real world on those who would consider becoming self-employed.
All self employed
Non U.K. residents with U.K. income including offshore companies with U.K. rental income
None - it should be even-handed for all taxpayers which do include charity subsidiaries and other potentially exempt organisations.
All small owner businesses with a turnover under £100,000.
Ideally all businesses as MTD is going to be a nightmare
Business with foreign interaction. Sole traders/partnerships on a remittance basis or whom have a non-UK domicile.
yes - public bodies such as local authorities who meet many of the criteria used to justify exempting charities
Local Authorities
Small farms, non-VAT registered retailers, and some other small businesses would have real difficulty with this and should be exempted, or given special assistance to comply.
none
Clubs, Pension Schemes
The big tax loss in this country is in my (30 year) experience in larger companies not small businesses. I think this draconian suggestion is quite outrageous
Anyone without access to reliable broadband connection at work/home and those that do not currently own a computer.
SELF EMPLOYMENT AND PROPERTY
None that I can think of
No
Any business such as landlords who are old and not using new technology
Mutuals
THOSE LINKED TO HEALTH INDUSTRY AND LEGAL PROFESSION
CIS workers
All except large companies
Businesses below the VAT threshold
All others!
One man businesses, ie those with no employees, where there is no present need or benefit to keep electronic records. The imposition of such procedures, which are of zero benefit to the business/taxpayer is completely unjustified and a serious blow to personal freedom. Those who choose to remain paper based should be free to do so indefinitely.
farming
Businesses under the vat limit
Those that don't use computers - there are some - and could therefore avoid joining the Brethren
Rural businesses with poor broadband access.
No.
Any below VAT threshold.
Rural area with poor broadband connection - speed under HMRC recommended level.
Need to look at people as well. I have several clients who are dyslexic. They struggle with computers and accounting at the best of times.
No
See answer to question 11 above.
yes all
turnover below £100,000
Small businesses
All unincorporated businesses and landlords.

Societies that are not charities but are set up to preserve historical assets and as such are required to submit corporation tax returns relating to their fundraising to facilitate the preservation.
Charities and not for profit organisations
No - we should all suffer together!
No
All businesses with a turnover under the VAT threshold.
I don't agree with making MTD mandatory
None that I can think of specifically, but anything that does not have a regular tax liability
Flat management companies
All of them
All
All businesses with turnover of less than say £1,000,000
No
No. Make us all share the pain...
All of them! Seriously, haven't really considered so not sure at this stage
NOBODY SEEMS TO APPRECIATE THAT MOST TRADERS COLLAPSE AFTER A DAY'S WORK AND ONLY SIFT THROUGH PAPERWORK AT THE WEEKEND - OR LESS FREQUENTLY. MOST RECORDS ARE MADE WITH PEN AND PAPER AND A GOOD DEAL OF HELP FROM OTHER FAMILY MEMBERS, ONE OF WHOM MIGHT BE ABLE TO PRODUCE A SPREADSHEET ALTHOUGH MOST STILL WRITE UP A CASH BOOK.
not businesses as such, but trusts and pension schemes
None.
All of them. I am wholly against quarterly reporting.
It should be introduced on a voluntary basis and let the individual decide
DEPENDS ON WHAT THE REQUIREMENTS ARE. IF ANNUAL REPORTING ONLY WITH TAX RETURN, NONE. IF QUARTERLY REPORTING, EVERYONE EXCEPT THE VERY LARGEST BUSINESSES SHOULD BE EXEMPTED. ONLY FOR THE VERY
Not for profit businesses, clubs etc
Farms, building developers and anyone where WIP is time consuming to arrive at
All businesses with a turnover less than VAT registration threshold.
All landlords that do not consider themselves to be 'in business' - Investor landlords using a collecting agent for example
Any below the VAT limit
trusts may find this an issue as their affairs are often complex
None
sole-traders with income below the VAT threshold
Not considered this.
This has to be managed properly otherwise it will fail so a timed, gradual introduction, as with RTI and on line fling for PAYE must be the way forward.
Vulnerable person trusts, deceased taxpayers.
start-ups in first 3 years and businesses under 250000 turnover
No
No - more that are exempt introduces more complexity
All of them! The measures should not be introduced at all.
Partnerships. I cannot see how it would work with individuals making three monthly returns. Alternatively, the designated partner would probably spend all of his/her time just dealing with reporting to HMRC instead of working in the business!
Those whose 'business' income is only a small proportion of their total income (<50%). Why should someone who does a bit of private work or has an investment property as a bit of a nest egg, be included? They do SA TRs anyway and make PoAs.
Anyone who pays CIS tax on their income.
No.
Close companies

Businesses with proprietors of age over 65 years old
All self-employed businesses with turnover below the VAT threshold
ALL!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!
CIS workers
medical practitioners
Anyone that decides to 'opt-out'
Non-profit organisations.
Don't Know
No - should apply to all if it such a good idea
trusts
All non-profit Clubs & associations
those with turnover below £40K or profits under £10K
I THINK THEY DO NOT REALISE HOW MANY BUSINESSES JUST DONT WORK THIS WAY. I AM AGAINST THIS FULLY AND QUARTERLY IS JUST NOT GOING TO BE WORKABLE
No.
N/A
No
All Businesses!
I can't think of any.
Landlords with one property
None
Companies with turnover under £1m. This is just another administrative burden that small business does not need where they have insufficient staff and time to deal with it.
ALL SMALL BUSINESS SHOULD BE EXEMPTED AS THEY WON'T BE ABLE TO COPE BUT IN PARTICULAR THOSE WHO ARE SEMI RETIRED OR PART TIME OR SEASONAL
All businesses under vat threshold
Age - elderly will struggle greatly with this
Any non-tax paying body should be exempt.
Ordinary small businesses with a turnover under £250,000 should be exempted. They do not have the resources to deal with this
All businesses. I am of course joking.
Some kind of de minimus income level with an exemption for the first year of exceeding this similar to CT payments on account.
A sensible turnover limit will cover most.
Private landlords
Non-resident landlords - turnover may be more than £10,000 but many do not pay tax after claiming expenses and allowances
Overseas entities operating businesses in the UK
All small business who don't use software packages for their records. Basically most small business should be exempt, particularly if turnover below the VAT registration threshold
Incorporated members' associations with most income outside the scope of taxation. Also exempt from corporation tax members' associations with taxable income under £500.
All businesses should be exempted.
ALL businesses
Not in the (very) long term. I don't have a problem with people being told that they have to keep proper records if they want to trade.
No.
small landlords, see 10 answer
All - it should be voluntary. If there is a perceived benefit then businesses will use it.
unincorporated non vat registered businesses
IT SHOULD MADE VOLUNTARY ONLY FOR ALL BUSINESSES.
No
Any VAT unregistered business should be exempted

no
Residents' companies and landlords.
All
All businesses with turnover below VAT threshold
flat management companies
Estates in administration
Landlords - I cannot see how quarterly cash reporting on specified software will help landlords with their annual accrual accounting and adjustments, or will help already creaking housing rental sector.
All
Business under VAT threshold
All business trading below the VAT threshold
Small businesses below VAT limit - it will be a substantial drain on their limited time.
Any business with a turnover of less than £83,000.
As long as they keep to the VAT threshold that should be ok. HMRC choose 'short' tax returns on this basis and 'choose' not to require 'us' to detail the expenditure. But any proper agent will have that information anyway - so HMRC are just making THEIR own work less. NOW they're doing the same thing, but at the EXPENSE of small clients and their agents, with a 'policy' of just charging large penalties if we get things slightly wrong or late.
All unincorporated small businesses
All businesses employing less than 50 employees
no
Self-employed with turnover below VAT threshold.
Investment companies whose only income is in the form of dividends or interest from commercial lenders etc.
Businesses which have audited accounts.
Landlords
All small businesses
Small businesses below VAT threshold

‘What effect will the changes being introduced by Making Tax Digital have on your own practice, for example what costs (initial and ongoing) might you expect to have to incur and/or what opportunities might it open up? Please use the comment box below.’

training on new software products and then training clients, hand holding clients through the process many of whom will want us to d/w on their behalf - increased fees for compliance work
Additional software and training costs.
Different deadlines to comply with.
A lot of stress and hassle.
Unknown amount of time to learn new software and pass that knowledge on to clients who want to do it themselves.
HMRC, as ever, will publicise how easy and quick it will be to comply - despite being told by all involved it won't be, so our clients will expect us to be able to make them compliant for virtually no cost - which is not achievable. HMRC should instead accept they're placing additional burdens and either go out to educate or tell people they need to pay for education to get them on-line in a compliant manner.
At present records are on Excel, we are small, it is simple and it works. Buying, testing and learning a new system will take time and cost, both of which are an unnecessary drain on resource
Likely to be more work for same fee
computer costs
Not sure yet
Cost of recruiting and training junior staff to compile and assist clients and to submit information if permitted.
Hardware and software, undoubtedly expensive but impossible to quantify at this stage;
Irrecoverable time spent handling unhappy clients who are unable to cope
This seems to be placing huge fee pressure on my firm. As a sole practitioner with clients who do not keep digital records currently, or maintain a simple excel spreadsheet that is more than adequate for a small business, there is an inevitable increase in workload that I am not convinced clients will be willing to pay for. As accountants that sort out the record keeping errors before accounts results are submitted to HMRC I am not clear on the evidence for the errors HMRC think are being submitted or indeed how simply imposing a quarterly reporting system avoids these errors. From having listened to the HMRC webinar on this I think HMRC are completely glossing over the extra work involved for both businesses that already have enough compliance to deal with, as well as their agents
Would expect that commercial software providers will increase costs in order to build in the quarterly reporting functionality. This will likely increase practice overheads and therefore results in higher prices being charged to clients.
Additional time and admin costs ensuring clients comply and accurately report.
It will most likely bring more work, but then unhappy clients who will have to pay more fees. It may result in some clients deciding that they will manage on their own to save fees, but that will mean an increase in errors in their figures, for sure.

Agent access has not been discussed in detail in this consultation, but we assume agents will be able to access all the information on the tax account for their clients. It is unclear how the MTD system will cope with client who have multiple agents for different taxes eg a specialist advisor for VAT and a payroll bureau for PAYE/NIC.

It is also unclear what functionality will be made available to agents, at the moment this is somewhat restricted and agents often have to 'login as the client' in order to view their online account balances. In order for agents to assist with the transition to MTD, agent access needs are key to helping our clients understand what is required of them and to help them meet their obligations.

It is likely that many of our overseas and not for profit clients will find the new digital requirements somewhat daunting, and they may require us to submit these records on their behalf, or require assistance with this.

Should some clients require us to take on and submit the quarterly updates and annual declarations on their behalf, we may need to consider appointing extra staff to deal with the additional compliance work. Moreover, staff may need to be trained on how to use the clients' software, as well as being familiar with a variety of programmes. This could be quite time-consuming. Some clients may prefer firms that can offer these services for all the applicable taxes (ie the whole package), so it could lead to extra work if firms can provide this for VAT, corporation tax and income tax. Advisors who can't provide a 'one-stop-shop' for all compliance services may find their business impacted by the move towards MTD.

For the clients that prefer to deal with the submissions themselves, we may need to assist them with queries on the process, therefore, agent access to the online system needs to be improved.

If the deadline for the submission of VAT returns are brought forward 7 days, this would increase the pressure on staff to prepare/review data and submit by the due date. Most businesses who operate a monthly reporting system are time pressured in the last working week of the month and first working week of the new month, ensuring that as many current period invoices and transactions are processed through the system. Adding additional pressure in relation to the preparation, review and submission of their quarterly data to HMRC at this already busy time, would not be helpful to finance staff and is more likely to lead to errors and mistakes in the processing/review procedures.

The other two weeks of the month (2nd week and 3rd week) are normally quieter for businesses and it would be more helpful to have a submission date of the 14th of the month to allow businesses to carryout proper review procedures on the data and correct any errors within their system, prior to submission to HMRC. Any errors or mistakes noted during the review process can then be corrected in the current period, if possible, or disclosed for correction in the following period. This would also allow businesses to pay the correct tax value, eg if there is a significant transaction which has been missed, even if the quarterly return is too low, with a disclosure noted being submitted at the same time as the data.

I will cease practising as I only have one client

We don't have the resources at the moment to assist this level of clients to convert to digital reporting and help with that reporting. We would therefore need to employ more staff and purchase relevant software both of which I am unsure the clients will be willing to absorb the cost of.

It will significantly increase our own work and costs.

Impossible to estimate costs as difficulties that will arise will be numerous and are thus incalculable. No opportunities can be envisaged, only grief in trying to deal with HMRC and for clients.

Increased costs that many small clients will not be in a position to afford.

We will have to prepare many different sets of accounts cash basis and accruals for third parties. HMRC appear to be undermining accounting standards and generally accepted accounting principles, for a perceived short term gain.

Software costs training costs, educating clients through the transition.
Not certain as yet.
Initially there is going to be lots of work moving clients over to digital systems. Once clients are up and running, services could move to a more consultancy basis (come review our systems) rather than a compliance focus (please prepare my tax return).
We are likely to lose clients because of the necessity for fee increases to cover the additional work. We will need to invest in additional computer equipment and software.
Additional time spent on helping clients will be significant. It will therefore incur more costs as far as the clients are concerned - how is that good for them?
Where clients can afford it, in the short term it should give us opportunities as advisers to offer some training and to undertake the clients reporting on their behalf. This should generate additional fees but I would imagine as time goes on clients will attempt to take this work 'in house' to avoid the additional compliance costs.
It could be a nightmare. I envisage that we will have to spend a lot of time at the year end unravelling errors made in quarterly reporting which we will find it difficult to charge for
We'll need to find software and explore how we are going to have to change our work patterns to help clients with these new obligations. Longer term it will create more work for us.
We are investing heavily in software that is capable of complying with MTD as well as considering our issues in relation to broadband connectivity. We are also looking at training needs for staff to enable to meet clients needs.
Biggest concern is how this will impact our overall service to clients.
I would imagine that the initial costs to put software in place and training staff would be great. Educating clients will also be an issue. This may produce more work for staff as there will be monthly/quarterly filing as well as end of year
We will incur significant costs in advising/educating clients about the MTD proposals, assisting them in designing new systems of record keeping, advising on software choices, integrating a quarterly system in our office work flow to monitor submissions for all our clients. For every £1 HMRC will 'save' in providing a decent service to its 'customers', an additional £4 will be incurred by businesses (customers) around the country in meeting pointless MTD obligations.
From an insolvency perspective we will have additional costs in having to report more frequently
Restructure of staff - may need different levels and types of staff.
Staff training costs.
More costs during the year. Some reduction at year end but probably not enough to cancel out increase in year.
Different spread of time
Potential backlogs and being short staffed at times as so much information required with one month deadline.
Difficulties over December with lots of bank holidays and annual leave being taken but deadline still in place.
There will be extreme pressure on the periods where we are doing the old years manually and starting the digital regime. Many client will need help, it's just the cost that they may not be able to afford.
If it is introduced in its current format it will cause significant problems as the amount of quarterly reporting deadlines for each of the various sources of income will be unmanageable.

<p>Can I refer you to the 'Making Tax Difficult' article in the Taxation magazine of 29th September 2016, as I think this gives a wholly accurate view of the effects, concerns, costs etc... of MTD for small scale practitioners such as myself.</p>
<p>To my mind there are no opportunities with MTD, since the inevitable increase in workload will not be met with a commensurate rise in fee income!</p>
<p>Opportunity is the ability to acquire new clients and to assist existing clients with MTD requirements</p>
<p>We have taken on additional tax staff this year to enable them to be fully trained to handle tax compliance in 2017/18 ready for DTAs. This is a considerable cost to a small accountancy practice.</p>
<p>Additional staffing costs as more compliance staff are required to deal with quarterly deadlines rather than 1 annual deadline. Greater software costs and training in them so that we can assist our clients with the packages they choose. Greater time costs that we have to pass on to our clients by increasing fees in helping them quarterly.</p>
<p>There will simply not be enough hours in the day. Clients will need help four times as often and much more urgently.</p>
<p>Significant time and money costs in setting up systems to cope, need to consider taking on additional staff or early retirement</p>
<p>See answer to q 10</p>
<p>TBC</p>
<p>We will have to chase clients who have a hard enough job filing annually, and then file the information, so it will create more work for us but I can't see many clients being happy to have the extra cost</p>
<p>Extra staff Costs which can't really be passed onto the client as very small business's</p>
<p>Hard to say. The more computer literate clients may feel I am redundant, others may need a lot more help because of the increased frequency of reporting requirements. In that case I would have to outsource or employ more help.</p>
<p>Additional staffing costs, additional software costs, additional hardware costs</p>
<p>More costs in time which may not be recoverable and possibly more software costs if agents are not able to access freely</p>
<p>It will increase our costs by 25% because we will have to take on more staff. As a result our fees will increase.</p>
<p>Following April 2018 workloads will increase significantly as staff will be completing regular 2017/18 self assessment returns at the same time as having to file the first quarterly reports.</p>
<p>Training cost of tax team, review and introduction of new processes, new comms.</p>
<p>Opportunities: We will be more immediately informed of a clients business on a day to day basis and will be able to offer pre event advice and strategy rather than post event sorting</p>
<p>It would simplify the work undertaken on behalf of clients. On the other side it will result in costs in going 'cloud based' and this would be an imposition</p>
<p>EXTRA TIME!!!!!! Explaining position to clients, convincing them they will have alter the way the keep their records. Setting up software etc. when available and reviewing the options open to clients. Dealing with all the practical aspects of the change.</p>
<p>MTD will impact on our Practice. Whilst HMRC are indicating this will streamline the transfer of information this will only be the case for this clients who are already in the practice of quarterly reporting for say VAT. Our practice acts for a considerable amount of self-employed and landlords who do not maintain digital records themselves and our role is to undertake this for them. This will lead to opportunities for Accountancy practices only if the additional costs of MTD can be passed over to the client's.</p> <p>My ultimate fear of MTD in the short term is that it will impact quite drastically on staff leaving Practice favouring to work in Industry or leaving the profession completely.</p>
<p>The additional costs will be extensive as the work will have to be done quarterly rather than once.</p>

Extra work- unclear how much of it will be billable.
The businesses this affects will not have the resources nor the funds to pay increased accounting and tax fees required to meet these requirements.
I see bookkeeping work becoming required more, which is more time consuming and generates less income. This could, in turn, lead to more less qualified staff being needed.
Learning and training costs
We will have to take on more bookkeeping staff and it is doubtful if the additional fees generated would cover these as clients will not see the value in reporting.
It will add to time spent, but will be difficult to pass on the costs incurred to clients.
Initial costs to update software are currently unknown but I would estimate £1000 - £1500
Increased workload which clients may not wish to pay additional fees for. Going from one return to four will obviously increase costs of practice!
For clients who already pay under QIPs some of these have trouble getting information early enough due to internal reporting deadlines. This will place increased pressure on firm.
Reduce time spent on software upgrades and sorting out. able to give better advise and bill for the work that's done in a timely manner so save lost WIP
It will be a nightmare - we will struggle to provide the support the clients need and lots will not be able to afford our help and will make a real mess of things.
Increased staff levels to provide client assistance, but likely resistance to the costs arising.
Significant training costs will be incurred in teaching clients to keep Digital records.
Costs - yet more training, Software costs (probably to put client records onto)
The actual costs in pounds sterling will probably not be that significant. Potentially choosing the wrong software provider or being on a cloud system that ceases due to liquidation would close all the practices using that system. Costs will include staff training, extended working days, overtime, backup, system security from hacking, new hardware and software. These costs will continue after transition. We may be able to capitalise on the forced closure of practices that have not moved to MTD.
It really will be a wait and see, some older clients would or could not cope but then again some will be able to understand.
Costs are likely to rise. Fees may rise but not by very much. The burden for implementing MTD with rest with me for the majority of clients.
quadruple the work & hugely increase fees cost for my clients & cost of software payable by me
More software costs. Time costs dealing with the initial setups that may not be able to be invoiced in full. More queries dealing with ongoing issues and errors as MTD gets going.
a bit of wasted time, most of our clients have already got digital and so it should not make too much difference
New software costs and annual renewal thereof. Staff costs getting to know the new procedures which we will not be able to pass on to clients in full. At present some staff are on reduced hours outside of the tax return season. With quarterly reporting we think they will be employed full-time.
Likely to remain fairly static
There is no way I could provide quarterly reporting for all my client base. I would need to let more than half of them go and treble/quadruple the fee for everyone else. It just isn't feasible.
It will alter the way in which our business works dramatically. We will need to assess who will be doing what part of the process with, we would think a loss of defined rolls between tax and accounts. More work will be produced where quarterly reporting is required in addition to annual accounts still needing to be produced.

<p>Third party software needed in addition to current software that will support the quarterly reporting. Clients will not want to accept the additional time costs or costs passed on because of software. 4 new deadlines a year - less down time, harder to have quiet periods. More staff potentially. 2017/18 filing will be nightmare as self assessment deadline and quarterly in same period.</p>
<p>Will increase workload and pressure as will have many more deadlines to adhere to. Unlikely to see an increase in fees to reflect this.</p>
<p>It will mean more work and potentially more fees.</p>
<p>However, clients may believe that the apps will do all of the work for them, so may leave us.</p>
<p>This will significantly increase our workload, cause severe staffing problems, and possibly seriously damage the business as I cannot see clients accepting the higher costs involved in this increased workload.</p>
<p>Probably will retire!</p>
<p>Potentially multiplies existing work by four</p>
<p>reduce burden on smaller businesses</p>
<p>Anticipate significant costs in training and assisting clients to use the new system(s) - and then 'picking up the pieces' WHEN clients get into arrears on reporting</p>
<p>We expect that over 75% of our clients will expect us to now carry out their bookkeeping (when we currently only do so for around 10%) so that we can deal with their quarterly updates. This will mean that we have to take on extra staff - possibly two to three extra. The costs of these wages (say £75,000 per annum) will have to be covered by our clients, albeit we do not anticipate being able to make a profit on this as this would simply not be fair on our clients. This is not an opportunity for us as we will most probably struggle to break even on any additional work.</p>
<p>I am seriously considering how to reduce my client base and would retire if I was a few years older. The proposed 9 month rule for annual adjustments will once again coincide with Christmas and New Year, along with company reporting for 31st March year ends. Whoever came up with that idea needs to get a life. The costs will be ridiculous as I do not, and virtually nearly none of my clients, use commercial software. We will all be so busy reporting under MTD that nobody will have time to actually run their businesses to make a profit and pay any tax. MTD is suddenly expecting taxpayers to become tax experts when they should be left to get on with running their businesses in which they have their own expertise. HMRC should be engaging more with agents and not be making our lives even more difficult. It is hard enough for tax professionals to keep up to date with all the tax complexities and clients will just not be able to cope on their own.</p>
<p>Time costs in educating the clients and dealing with data quarterly rather than annually, direct costs for software enhancements</p>
<p>The very small businesses we deal with are already highly resistant to compliance cost increases. There will be few opportunities and many will try to handle it themselves without adequate skills.</p>
<p>It's hard to know. It's going to cost more overall as more work. Unclear whether the costs will be borne by the tax payers or their accountants. Ultimately it could be unsustainable and some people will just stop trading completely.</p>
<p>None</p>
<p>It will increase costs by needing to prepare reports for submission quarterly and hence create inefficiencies by needing to carry out the Q Assurance 4 times per year instead of once and have to pick the file up and tie in figures 4 times instead of once. It will also be a burden on business and will introduce another layer of cost. The whole process will be less efficient.</p>
<p>I think it will probably force my retirement, it the most stupid proposal i have ever seen from HMRC</p>
<p>Increased work load for staff particularly if accounting year end is changed to 5 April.</p>
<p>Increased staff costs</p>

It seems to increase costs but will clients pay for the service?
none as currently in practise with the necessary facilities
Will be significant costs to the practice I expect. Clients will not want to pay for it and understand the need.
Extra time will be needed to assist clients who use non-standard software or who have complicated VAT calculations (eg partial exemption) which the software cannot automatically calculate without some additional manual input by the client or their advisor.
There will be lots of additional non-chargeable time spent while we familiarise ourselves with our client's chosen digital products, training, correcting client errors while learning about the software. If accountants could do the submissions on client's behalf that would make things more uniform.
May need to recruit more staff as many clients will prefer to ask us to do the reporting for them.
It will impose an unfair burden
Significant initial training of staff.
Additional resources to support clients migrate to digital.
It will increase my admin costs significantly and I do not believe the clients will see any benefit so it will be hard to justify an increase in their costs.
I foresee us spending a significant amount of time initially in bringing clients up to speed with the new rules, and ensuring they have the systems in place to comply with the new requirements.
Transition to MTD will not be easy and, in the initial stages at least, I believe we will be spend a significant amount of time in sorting out problems and trying to correct mistakes.
Costs in time and software, a lot of costs in extra filing compliance, may have to get rid of low income clients to avoid operating at a loss.
Workflow issues
I only deal with small businesses and insist on quarterly record keeping as a minimum anyway. I think that this is an opportunity to grow my practice should I wish to.
In the first year of implementation we will not only have to file all of the previous year's tax returns we will in the same period of time have to file 3 times as many quarterly reports. HMRC just do not seem to understand how the self employed market works with regards to record keeping. Our costs will increase significantly as we will need to communicate with clients far more frequently and there will be continual movement of data between our office and the clients. This will create a storage problem and we may well need to increase staffing and for what? So that the same information HMRC would receive later they receive earlier. What a complete and utter waste of everyone's time energy and resources.
Huge impact. How are we supposed to pass extra costs on to clients who struggle with our existing (reasonable) fees?
Hard to think of any opportunities right now.
I can only envisage it increasing the likelihood of giving up my practice due to increased workload. Most clients will be unable to afford the costs of compliance - not just software; but the increased time costs
Lots more work, but not sure whether clients will see the value and be prepared to pay
Software costs, may get to know clients business better, motd interaction with clients throughout the year and therefore time management issues
Costs of the special software we will need to have agent access. Time costs re extra work required.
time consuming and clients will not want to pay but will need help to get it right
There will be obvious increases in costs because you will be reporting quarterly rather than annually.
Less back ending of work to January.

Don't see any particular benefits. Only more deadlines increased inefficiencies and onerous reporting. Non res landlords file paper returns will these also be caught.
For some clients we will move to a review service, which will reduce fees. Our more complex clients will be business as usual. I would anticipate software costs will be increased.
More work to do but may increase costs
Yes, put simply I want to leave the UK. More demands on economic operators, some self employed people earn well below the minimum wage already.
Additional staffing requirements to deal with the addition workload. Fee resistance from non VAT registered clients for the preparation of multiple submissions in a year
As majority of clients are not currently using computerised accounting programmes considerable time will have to be taken advising about suitable software and how to use it. Clients will shy away from the additional costs some of which I am likely to have to bear, I will have to bear costs of updating own software
I am a sole practitioner, and it will no doubt involve me in a considerable amount of additional work, which will have to be reflected in my fees.
Additional staff, reduced profitability as clients won't pay 4 times the fee. HMRC's contention that it is not the equivalent of 4 x tax returns is delusional at best.
More cost learning due to extra software
I expect increased business in the short term.
Not clear at the moment. Initial Thoughts Increased software capacity. IT Consultant required Increased data security firewall requirements. Revised Letters of Engagement. Increased administration cost
I think the ICAEW should get a backbone and say NO to the idea of MTD!!! It is definitely going to put an enormous burden on businesses and accountants.
We will have to spend more on training our staff but we are likely to be able to increase our fees by charging our clients for upgrading their accounting systems and procedures
Time spent on educating the practice and the clients unlikely to be fee generating...
It will separate out once and for all book-keeping services from accounting and taxation services. Book-keeping services are likely to be sub contracted out.
enormous extra time costs unlikely to be fully recoverable
Most of our clients struggle to bring us the information on a timely basis to make the 31st January deadline, never mind a quarterly deadline. We would be chasing constantly to meet the deadlines
Increased costs which cannot easily be passed on to clients who do not want to go digital
I work for the Big 4 so I expect the firm can absorb some cost.
If compliance costs more, question is will client's pay more? Depends on the going rate in the marketplace for the work. Compliance fees tend to be a race to the bottom
Complete re-training
Larger businesses will regard this as an additional burden purely for the convenience of HMRC - there is nothing that indicates any 'upside' for the compliant tax payer - the prudent business already keeps good records and traces tax due - this will mean involving advisors more frequently.
Will need to invest in more staff training. Will change how our tax team works, less compliance perhaps and more opportunities for tax planning. May be more bookkeeping opportunities.
It would increase my costs of software, (at present unknown), plus increase my time spent on each client, and my time spent organising and chivvying each client! Once a year is bad enough.
Training costs for staff will be significant. There will also be a reluctance from clients to accept additional fees for us providing assistance with their move to MTD.
Unreasonable amount of effort every 3 months that the client will not pay for.

<p>More work to do, so may need additional staff. Will obviously also need to invest in additional hardware and software. No idea what cost may be, but assume it won't be cheap.</p>
<p>The purchase of new/additional software and training.</p>
<p>Cost: initial - dealing with client's questions and concerns over this and what they have to do. Advising on best digital solution for them to use, which means us having to have working knowledge of the solutions available (which is unlikely to be a cost we can recover from client). Ongoing: support and advice on how to report items, what items to include/exclude, how to correct an error or mistake they have made, what happens if something goes wrong on computer or with digital software.</p>
<p>Opportunities: to earn extra fees from this extra support and advice BUT the rate charged for this is likely to have to be low because client's cannot afford this extra cost. Either we lose out or client loses out because they don't pay for support and could get into a big mess (meaning even more cost to help get it sorted out). Don't think the opportunity will be fruitful.</p>
<p>It will involve more regular and frequent involvement with clients' records and reporting, which will increase costs which clients may resist paying for.</p>
<p>I expect initial high time costs (which will be hard to recover) , but once clients set up costs similar to current</p>
<p>Increase costs and create problems with data gathering from clients.</p>
<p>There would be too much work to cope with, and for no good reason so clients won't want to pay</p>
<p>Too early to say</p>
<p>A significant change in many people's jobs roles.</p>
<p>New job opportunities will open up in a software support capacity.</p>
<p>A large investment of non-chargeable time educating staff and clients with regards to MTD.</p>
<p>Costs in informing client and ensuring that they are ready and dealing with issues as they arise.</p>
<p>Potential changes in staffing levels and working patterns are likely to change drastically</p>
<p>I can't think of any additional costs - but opportunities especially those coming to the practice because of difficulties they would have in the new compliance.</p>
<p>I work in house for a large partnership with a number of associated corporate entities. The accounting software is a bespoke package for the sector and the provider is unlikely to adapt its product to support MTD.</p>
<p>We would be looking at having to export data from one system into another solely for the purpose of filing returns.</p>
<p>There are logistical problems with reporting partner profit shares in year, the interaction with basis periods, how to identify tax adjustments mid year, the workload in the changeover period between the current system and MTD.</p>
<p>I am failing to see any advantages to the business as the only output required by HMRC is the taxable profit per partner annually which is currently contained within the partnership return.</p>
<p>Where is the value in supplying the information quarterly?</p>
<p>Opportunity to support clients through the changes although they will object to having to pay us to help with something that is being forced upon them.</p>
<p>Huge additional costs, especially in the first year when we will be both completing prior year tax returns as well as dealing with quarterly compliance under MTD</p>
<p>Significant financial burden on the practice as well as a staff resourcing issue and little time to deal with this and all the administrative issues arising.</p>

<p>Most smaller clients are likely to expect my practice to do this for them, but also will be very resistant / unable to meet to the necessary fee increase.</p>
<p>It will require investment in additional software and staff, assuming that it is possible for agent filing!</p>
<p>It will mean that I would need to employ more staff and possibly to my firm's detriment.</p>
<p>Purchasing and learning software/apps. Could result in more work to do for clients, but none of them are big businesses that can afford higher accountancy fees.</p>
<p>Some clients will don't do digital or even smart phones. Not only will they have to invest in technology they are going to need to acquire the knowledge to use the technology. Costly in terms of time and money</p>
<p>Re-training costs of at least £500</p>
<p>I will lose my CIS and landlord clients and also those who are computer savvy (or their partners are). No opportunities until at least the final submission as everyone will try to do it themselves. There will be no penalties for inaccurate submission - only non submission. HMRC will find that estimates will be submitted.</p>
<p>Increase administration burden and time on jobs. Effectively doing the same job four times over a year.</p>
<p>Doubtful we will be able to recoup increased costs from clients.</p>
<p>This is going significantly increase the administration conducted by my practice. Instead of chasing clients once a year, I will be chasing them quarterly. It will also make the last 2 weeks of the month following each quarter extremely difficult.</p>
<p>I have a very broad range of clients ranging from IT gurus to clients with mental health issues, dyslexia, literacy issues and deepseated fears about computers and accountancy. All of these clients will need some sort of help from me to comply with MTD but in general, it's the larger clients who can most afford to pay who need least support. Usually, we would want to do the larger clients first so that we can get up speed before we tackle the smaller clients and keep costs down but HMRC is introducing the changes in the wrong order. My other worry is time, HMRC are so behind with MTD that they are leaving us with a smaller and smaller window to get ready when we already have additional work because of clients' Brexit fears.</p>
<p>I have brought my retirement forward</p>
<p>Having a very small practice which runs alongside my main employment, I will cease to act for those in business</p>
<p>Additional tax compliance costs, software costs.</p>
<p>In the long run, more up to date and timely information to advise clients</p>
<p>Massive procedural change. It will be like quadrupling compliance burden and having 4 31 Jan's each year.</p>
<p>New IT costs - both initial and on-going</p>
<p>clients will need additional services but these will be low margin</p>
<p>yet to do a proper analysis</p>
<p>There are definitely going to be opportunities but it is whether the clients will want to pay for the help that they will need.</p>
<p>Increasing computer costs</p>
<p>Many hours of time helping clients which cannot be billed</p>
<p>I am now 76 and happy with my micro practice but will probably retire if MTD is implemented</p>

<p>More deadlines will create more time pressure, particularly if the 9 month deadline is kept as many clients have 31/3 or 5/4 year ends. More software costs are likely but it does open up opportunities for more bookkeeping work for clients and more training/set up work to bring clients into the digital age. I perceive that it will create too many different systems for those exempt, tax only clients from whom we simply need to check and enter date to their digital accounts and those who need to fully move to MTD. It will be hard for smaller practices I believe.</p>
<p>WILL INCREASE COSTS</p>
<p>Probably more opportunities due to confusion</p>
<p>.</p>
<p>I think it will create a lot of work to try and assist clients with the reporting requirements and deadlines.</p>
<p>I am a sole practitioner. This will cause significant time burdens and costs for the client that they will not want to pay. I do not see what is being achieved as there appears to be no outcome which is beneficial to anyone.</p>
<p>Initial cost of training managers. Cost of contacting all clients to make aware of position. Implementing more deadlines on clients cost in chasing letters and time, and is not very successful.</p>
<p>Not sure what real impact it will have</p>
<p>Probably give up and retire.</p>
<p>Significant additional burden looking at clients' records 4 or 5 times a year instead of once.</p>
<p>Increased software costs and time required to check the quarterly submissions</p>
<p>We will need extra staff</p>
<p>yet to be determined</p>
<p>a big drop in compliance income which would lead to reduced turnover and possibility of redundancy is a real concern</p>
<p>I think that small unqualified accountants and the less able qualified accountants will gain as they will offer a low cost service which based on past experience will be of a very poor standard.</p>
<p>It is going to cost far more if the changes go ahead, it will take up more of our time especially with the initial setup and informing/ explaining to clients the new system. Some clients will be unable to pay the new increased costs and we will ultimately lose out on fees.</p>
<p>Costs of new software, training and implementation</p>
<p>We have started an educational process. It should increase our work and fee income but with an irrecoverable start up cost</p>
<p>Will need to restructure the business</p>
<p>Initial and ongoing costs of software</p>
<p>Training staff</p>
<p>additional time on client work and having to request information from clients</p>
<p>IT issues and hard drive storages being put under pressure.</p>
<p>We will need to carry out a fundamental review of our services and adjust as required, in order to help existing clients comply. Costs not yet quantified. Possible opportunities, but unlikely to be in our market place.</p>
<p>I am concerned about the period from April 2018 to April 2019 as, at that point, we will be preparing clients' 2017/18 tax returns under the old system but, at the same time, also trying to do the first year of quarterly reporting for 2018/19. Effectively, we will be doing twice as much more as usual and will have to somehow try to find the time/resources to achieve this.</p>

<p>Most of my clients are small businesses who are used to collating their information once a year. As a sole-practitioner, the thought of having to chase for information four times a year and having to review figures in a piecemeal manner will be inefficient, time-consuming and increase time costs.</p>
<p>The initial year will be expensive trying to collate all of the clients' records together. Also, the chaser e-mail/letter time asking clients' for information will increase.</p>
<p>Possible loss of clients, but on the other hand increased fees in quarterly accounting so long as letting agents do not have to submit quarterly data to pre-populate the digital tax accounts. Without letting clients we lose out on fee income.</p>
<p>It will take more of my time - that I don't have</p>
<p>Coupled with Brexit, this will put significantly more demands on the profession.</p>
<p>It will certainly increase the compliance costs generally.</p>
<p>Set up costs depend on just how much HMRC is prepared to listen to ATT/CIOT's arguments, but will be significant, and if at all, need to be phased in very slowly, and thoroughly tested on each economic area.</p>
<p>Costs will increase as staff get used to the new systems, and interpreting them for clients. There will be resistance to increased costs for compliance as clients will not see any real benefit to the new systems. It may provide more scope to carry out bookkeeping services where clients do not want to be involved with MTD but these will not be the most profitable jobs and will be time consuming.</p>
<p>Most clients don't understand tax so will need their hands holding throughout the process, which will add a time burden to us and a financial burden to our clients,</p>
<p>more work which will be difficult to charge and then ending up in losing clients</p>
<p>Dealing with errors, extra time every quarter, reconciling y/e statements.</p>
<p>Client and staff education on the major changes being implemented</p>
<p>time spent looking at internal procedural practices to handle and monitor work and deadlines</p>
<p>more or at least different time pressures with more deadlines</p>
<p>possibly greater interaction with some clients and greater opportunity for more timely advice.</p>
<p>We will need to spend a lot of time hand-holding clients and will not be able to recover all of the costs incurred.</p>
<p>Significant extra work checking clients' records quarterly</p>
<p>It will mean more contact with clients and as a result fees will go up and extra man power will be required</p>
<p>Uncertainty re staffing levels for additional time spent helping clients to comply; whether clients willing to pay; extent of help they will need.</p>
<p>will increase work and costs and clients cannot afford to pay the increase costs</p>
<p>It will more than double the workload for people already using accountants but for certain people such as the elderly to have prepopulated returns will reduce the requirement to take advice</p>
<p>More work per relevant client and increase in fees; probably need extra staff. May lead to turnover increase and vat liability which I would like to avoid.</p>

<p>We are reducing our client numbers by 25% as we will be unable to look after as many clients. We will have to absorb much of the cost of the additional work for smaller clients as they cannot afford to pay full fees for the setting up of digital systems etc. They will also not be willing or able to pay much more for the quarterly reporting. Many of them will need us to sort out the mess they have made on a quarterly basis, so will either need to pay us extra for that, or will more than likely try to do the quarterly submissions themselves and just submit incorrect data. With many clients it does provide us with an opportunity to do more work for them and increase our fees, but as that work has little or no benefit to them with the exception of helping them meet this additional burden, it is not something that either they or we see the benefit of. We will be reducing our client numbers to enable us to look after the digital obligations of those we retain, so it will not generate more income overall as we will also lose other income. In addition, it will not be seen by the client as a service they would be happy to pay a premium for, so will have to price it very keenly. All in all, I think it is a terrible idea!</p>
<p>Opportunity for regular 'bread and butter' processing and tax planning for clients. Makes clients who don't like record processing up to date and aware of where their business is.</p>
<p>Either: (a) clients will engage us to carry out all of their book-keeping, in which case we will be required to employ additional staff at a cost of c. £30,000 per employee, or (b) clients will file all quarterly updates themselves and will query the level of our fee for annual review, leading to downward pressure on revenues.</p>
<p>My practice is v small, and operated from home in my spare time, separate from my 'day' job. It will be difficult to justify continuing.</p>
<p>Will need to employ one additional full time member of staff</p>
<p>Additional costs - little recovery on them.</p>
<p>Costs are bound to increase, and explaining to the client why they have to pay us more is unlikely to be easy. Client's will require additional assistance, and more regularly, which could even result in firms having to employ additional staff.</p>
<p>Clients will not be willing to pay the fees for reporting 5 times a year and we do not have the resources to do this.</p>
<p>Expecting software costs and hardware, scanners etc</p>
<p>I shall probably accelerate my retirement plans because I do not fancy attempting to do the impossible</p>
<p>I will have to double my staffing arrangements and as a result increase costs to client.</p>
<p>Increased staffing costs to cope with extra workload - issues with recoverability due to affordability for client. Timing of holidays for staff if full quarterly reporting. Opportunities - review of client list to disengage those ones who are not providing a sufficient return (but then how do such people fulfil their obligations).</p>
<p>A lot of additional work especially with a lot more deadlines to meet which will result in additional software costs for us.</p>
<p>Additional training and work for clients during the year. Client will not see the value in any of it</p>
<p>It will add pressure to an already pressured workload, clients might not be willing to pay for the help</p>
<p>Costs: update software, train staff into new rules and software, update clients and deal with extra questions that they have. All clients are reluctant to pay more in fees. The cost will be carried by advisors. Further time-keeping stress heaped on advisors. More penalties issued due to more deadlines.</p>
<p>Opportunity to provide significant extra guidance.</p>
<p>Training costs, IT update and training (one-off). Informing clients of the updates and assisting them with the transition</p>
<p>Clients will expect us to guide them through the new procedures but this process will be costly and they will not like the fees.</p>

<p>I am seriously concerned about the impact on my practice. It will either result in the loss of many clients or it will overburden me with filing deadlines. I am so concerned, I am considering leaving this industry after 25 years.</p>
<p>Clients will need more support all year round - although that is an opportunity it will come with costs of recruiting and re-training team - and will be low value work to clients, so will put pressures on type of work we can offer.</p>
<p>I think we will field more queries on the issue, much like when RTI was introduced. In time the overall service will not change and we will still provide the same services as before as clients will want to ensure that their affairs are in order.</p>
<p>Chasing clients for information, to keep proper records and get them to me on time. I will be doing this at least 4 times a year instead of one with tighter deadlines.</p> <p>I will have to move some to software instead of managing with spreadsheets, and will incur higher software costs as a result</p>
<p>Initial cost will be involved to inform all clients of this new regime. Then time to explain and help them set up digital record keeping, if we are going to have to do the returns quarterly for the clients then we will need additional staff but will we be able to increase our fees enough to the client to be able to cover the costs???</p>
<p>Increased workload to assist client meet their obligations.</p>
<p>Opportunity to assist more clients with digital reporting to HMRC.</p>
<p>Additional costs of making quarterly reports rather than a yearly one which we will have to pass on to clients.</p>
<p>It will incur more work but my clients cannot afford to pay for the extra work which will not help them.</p>
<p>As a sole practitioner making tax digital has major implications for my practice. I am already under significant time constraints dealing with RTI, CIS and annual company accounts reporting. It is not economic for me to employ the technically qualified staff I would need to cope with quarterly digital accounting and would I estimate increase my fees to between two and three times their present level.</p>
<p>Far more 'hand holding' of clients on mundane matters rather than providing tax advice. This will increase fees charged by agents as the volume of mundane tasks likely to arise will mean staff at a relatively high charge out being used for tasks that don't tally with their high level of qualifications. This will deter people from continuing struggling businesses.</p>
<p>It will increase costs & resources required</p>
<p>CLIENTS WILL NEED MUCH MORE HELP BUT IT SEEMS UNFAIR THAT THIS WILL BE AT A COST</p>
<p>I will need to purchase software and will have to pass these costs onto clients</p>
<p>We think that a number of tax practitioners will cease to operate as they won't want to embrace the change. This will give us an opportunity - but we will have to bill clients more to help sort them out as few will get it right.</p>
<p>I expect to have to spend at least 4 hours explaining the changes to each and every client; showing them what they will need to change and helping them implement the changes. There will inevitably be extra time spent throughout the first year helping them complete their reports. I expect that my clients will be reluctant to pay me for this time as they will not see any benefit to them in submitting quarterly returns. Even at a bare minimum of £50 an hour, I expect to lose on average £300 per client per year if I chose to absorb this time.</p>
<p>Fees will have to increase significantly and clients will not be able to afford them Result? Chaos.</p>
<p>The main issue is time and clients willingness/ability to pay for it. They will expect help but as the obligation is not of their making will be reluctant to pay increased fees.</p> <p>If the information to be returned is going to be held to a high standard of accuracy then it may require better qualified and therefore more expensive time to deal with the responsibility.</p>

Potential Software & hardware costs plus training on new software
significant time helping and training clients to use technology
Increased software costs, more time spent on compliance work, possible need for additional staff (eg bookkeepers). Opportunities are the likely additional fee income from extra work, more regular contact with clients resulting in better understanding of their business and more planning opportunities.
My clients will not want to pay more for compliance. As a one man band I do not have time to do more work for my clients.
These two facts combined mean my business is no longer viable
I am 65 and a sole practitioner. I will retire as the extra work required for quarterly reporting does not fit with an orderly winding down in the business
We are already paperless so in theory that will not change. However, it is important that we are still able to access our client accounts with HMRC so that we can continue assisting as required.
We will incur additional time costs which will need to be passed on to the clients
As a sole practitioner intending to retire gradually over the next 5 - 10 years I would have to question whether to invest in software, skills etc to deal with returns for affected clients. It may force me to restrict my client base to those not affected, and therefore retire earlier than anticipated.
We will have to recruit additional staff to submit quarterly returns. Clients likely to be unwilling to pay for extra costs involved.
More staff needed approx 12k cost
Firstly, we (or HMRC) should not be talking about opening up opportunities for the profession! For someone to be the beneficiary of this, it means that it is costing someone else money - the client.
For myself as a sole practitioner, I am already totally up to the max with my workload so I will not be able to accommodate helping clients out on a quarterly basis - and that is wrong. They will be either under represented or may even chose to move elsewhere. My only other option is to take on staff (which I do not want to do as I then dilute the very personal relationship that I have with the client) and even if I did go that route, there would be the associated costs which would have to be passed on to my clients.
Even looking at their affairs for a (say) minimal 1.5 hours per month will add 6 hours to their annual time. This would obviously be extra work for those who are not already VAT registered so my additional cost becomes 6 hours plus VAT. Let's say that is a minimum £750. That job may well only be costing the client £750 in total at the moment. Just do the numbers.
For what is to be done for HMRC on a quarterly basis (and to make sure there are NO ERRORS) the work will have to be a minimum of that amount so I will not accept any fob off from them that it will be less than this.
This all ignores the training, set up and ongoing inevitable aggravation time (just look at RTI) that is going to be needed with this.
IT IS TOTALLY UNWORKABLE.
From our understanding, if we are to upload quarterly reports which by HMRCs own admission may need a lot of adjustment at year end, it will mean we struggle to have enough time to do this. We may need more staff and clients will not want to pay the additional costs. We like the idea that P60s and interest details would be on a central portal as these details are always hard to obtain from clients but the quarterly reporting seems to have no benefit to anyone.

<p>Opportunities - more clients will need much more support more often.</p> <p>I will need extra staff and IT resources, both for processing and training/supporting clients.</p> <p>There is a risk that clients unable to afford a more frequent service will leave or file themselves. There is a risk of greater errors</p>
<p>More expensive software, learning curve. Some agents will wish to offer full compliance services as a one-stop shop.</p>
<p>Initial costs will be high, less so ongoing. Client will not want extra costs.</p>
<p>The time costs involved will increase significantly. Whether this is able to be passed on to client remains to be seen.</p>
<p>More work in doing quarterly submissions. Huge amounts of initial work if we have to redo authorisations for all clients.</p>
<p>As a sole practitioner, I intend to retire rather than face the increased work load.</p>
<p>The prospect of 'training up' my clients fills me with dread. Some will learn quickly. Others will struggle. I cannot see I shall ever reap the benefit of that 'investment'.</p>
<p>Additional cost could be new software, additional staff to cope with extra demand. Opportunity would be to spread the work load through the year more evenly and take on new clients seeking help with MTD.</p>
<p>Staffing and transition. Short lead in times will lead to confusion</p>
<p>Will require additional staff at quarter ends to file individual company tax submissions as well as group VAT submissions. The alignment of tax and VAT reporting periods will substantially increase the burden of work as well (and the proposed timetable for MTD will impact any tax/duty changes required as a result of Brexit occurring at the same time).</p>
<p>Time pressure and erratic patterns of work will be difficult to manage. The quarterly filing will be additional work at a processing level which small clients will be reluctant to pay for</p>
<p>training costs and time due to transition process, refining new systems and compliance requirements to ensure clients don't fall foul of penalties, new risk management procedures</p>
<p>Need to consider software suitability and possible upgrading. Staff training will need to be increased.</p>
<p>Significant additional costs for both ourselves and our clients to support clients who simply do not have the skills to deal with this.</p>
<p>A complete failure by HMRC to understand the work that agents do supporting their clients to get the information right under the current system</p>
<p>In order to assist clients comply with quarterly submissions, as a sole practitioner, I will have to reduce my client base in order to meet the deadlines.</p>
<p>Increase in staff and software costs which may not fully be passed onto clients</p>
<p>I am a sole practitioner aged 58. I have a client base of around 100 including small businesses (both Ltd and non) and landlords and personal tax.</p>
<p>I envisage very substantial time having to be input to both my own education and to that of my clients virtually none of whom run significant businesses, many not being that computer savvy and too long in the tooth to want to learn.</p>
<p>we will lose chargeable time training and educating clients and then sorting out problems with digital filing</p>
<p>Whilst we are transitioning from existing tax returns to quarterly reporting there could be additional resources required. Going forward the role will change especially with IT literate clients who could take this opportunity to do more reporting themselves. Agents could become more advisory and less compliance depending on the demographic and sophistication of the client base</p>
<p>Scope for additional work on behalf of clients, which is viewed as difficult to charge for as in their shoes they are not deriving any benefit from it. It is simply complying with an extra compliance burden.</p>

My head may explode. For a sole trader agent I am extremely concerned about how I will be able to ensure the clients who already bring in information to me late will change.
Additional software costs, additional staffing costs
Unknown at this stage but expect extra costs due to transition
The amount of accountancy services to be provided will increase significantly & generally the full additional cost of this will not be able to be passed on to clients in full. It is already difficult enough to obtain information from clients on an annual basis. Increasing this to quarterly will be nigh on impossible & will lead to many errors on returns
Costs will increase significantly in dealing with quarterly reporting, overseeing digital records and continual nudges/prompts from HMRC - the issue will be who bears these costs, the taxpayer or the agent?
Difficult to know at this stage due to lack of detail. Initial costs will be high in time and the need to acquire software. Ongoing costs are likely to increase in sorting out the errors made by clients. There will be clear additional costs as the figures will need to be reconciled to the annual return.
HMRC has no concept of how businesses work or deal with their accounting. It seems that they are trying to capture the sole trader on the road and is totally ignorant of how a larger business works.
will require changing our working processes, review technology in use
We will have 4 quarterly deadlines plus the 31st December deadline to meet. This means extra work for staff who will be unable to take holiday at certain times of the year. Shortly after each deadline we will be twiddling our thumbs waiting for work to come in. How can any practice afford this?
If clients wish us to assist in quarterly reporting obligations, I expect we will need to take on additional bookkeeping staff in order be able to meet the deadlines for the quantity of clients we have. However, I expect the practice will perhaps become more bookkeeping based and less accountant based as most analysis should be done in year requiring less work on the year end accounts.
Unclear whether we will have additional software costs to accommodate new HMRC systems. Costs in time and possible course fees for training staff.
May need to consider redeployment of staff between accounts and tax teams.
Additional costs of new computers and software, additional staff costs in helping clients
My clients will expect me to file for them, so there will be additional work generated. Any who decide to do their own will expect me to recommend software, and to set it up and show them how to use it. I expect there to be considerable time costs incurred within my business which will be difficult to bill on to clients, for example researching software and figuring out how to use it. If they all choose different providers, I will need to work out how to use each different type.
We will need to invest in apps & updated software to scan invoices and submit info to HMRC unless our own accountant or HMRC is able to provide these.
Apart from time spent on training, there should be no extra cost provided that HMRC supply free software and hardware, and of course, it works!
Possible loss of client base, additional cost of software and training.
Additional costs re the quarterly filing obligations. I don't see at this stage that the year end compliance costs will be reduced.
Probably software update costs, but increased client contact and therefore probably higher fees.
From a practice point of view hopefully more clients will use the Business Advisory Service for digital book-keeping
At least quarterly updates would substantially increase costs for the clients - many of which would not trust themselves to get it right and then incur penalties from HMRC. Many clients live in fear of HMRC due to bad experience or press comments and prefer a professional dealing with their tax affairs.

It really depends on whether agents have access to dealing with this for their clients. If so, it will be time consuming and change the manner in which the practice operates.
I shall probably completely retire!
I won't do this work.
I suspect that clients will turn to us at the last minute to ask for help with compliance under MTD. There is clearly an opportunity to provide this assistance to a potentially large number of clients and we will need to invest in the software and training or have arrangements in place with a third party partner beforehand.
Costs-Software, training and time. Clients-cost and time and lack of experience. May open up more bookkeeping services. Will clients pay for it? In current climate, unlikely. Going to benefit tax shops and disadvantage professional practices.
More bookkeeping work - both a cost and an opportunity
Discussions have already begun with clients. There will be extra work required by my practice and there will probably be opportunities to attract more clients as older Agents decide to retire. It is likely that an additional member of staff will be required, which will be a cost and I am unsure what costs will be able to be passed on as it is difficult to tell a client that they suddenly have to pay more, for what they see as nothing extra.
Less planning and more compliance work which will be less profitable.
Mine is a one person practice. I will not be able to cope with the additional work load as I know my clients would want me to keep their quarterly records for them. I will have to employ someone, but my practice does not have the turnover to support this. As a consequence rather than growing my business slowly I might be forced to sell my practice as the changes are happening too fast for me to adjust.
Difficult to gauge. Cost of new software that clients and ourselves can use. Training our staff to access the clients records to check the figures prepared or to prepare them ourselves. Need different type of staff to input data rather than produce accounts - lower paid. Need to plan holidays and workloads far more carefully. As there is no restriction on who can input suspect a lot more part trained (BTEC) practices/sole traders will open up and take our work. We have overheads these people will not have and legal obligations (PI and money laundering) which will be ignored. No way HMRC can tell who the records are being prepared by.
I expect huge costs to our practice of compliance with deadlines, which is already a huge burden and stress on the practice. The opportunities are to carry out more book-keeping services but I do not consider this much of an opportunity as we are Chartered Accountants and Chartered Tax Advisers, not book-keepers.
Extra software & staff time costs will be incurred. Ultimately these will have to be passed onto clients. Also opportunity to win new clients.
In the short term, there would be a lot of unrecoverable time costs incurred in identifying which clients have to comply and which might be exempt, and then advising each client how they should go about the quarterly reporting requirements. In the long term, I would probably lose a lot of business as clients who do their own quarterly reporting will feel they might as well do everything themselves.
The cost to the client will be greater in terms of the fees charged. Many of them will be very unhappy with this. We would be far busier in terms of the work we do and do not really have the facilities to cope with the extra demand which will inevitably be placed on us as a firm.
Cost of software and support clients to record data.
Resource issues
More likely to make clients think why do they need my services if they have to do all this work themselves anyway.
Additional software costs; time pressure/extra staff unless staggered quarter ends. Opportunity for extra work particularly over transition but also resistance or inability of clients to pay extra fees
It will be a huge struggle - considering closing the business if I am honest.

As a sole practitioner the reporting time schedule of a month is impossible. I cannot afford to employ someone to chase clients for information.
Increased workload and fees.
Will make us uncompetitive and too costly for clients to afford our services so they will no longer won't to be in business.
Huge change in organisation, possible redundancies among processing staff. Big challenge in keeping clients who might do their own record keeping and think they do not need an accountant any more but therefore will not have an advisor to help with their business needs (both tax advice and compliance and general business needs). Huge costs in changing software (unless the software houses are going to do all this for free?!) And training to use it.
not known at this stage we could lose clients who cannot afford to pay us to prepare quarterly returns
Not sure as not dealing with costing and can't really think of any opportunities at this point.
Most likely close down.
At 56, I will probably retreat into tax consultancy work only, leaving behind many clients for whom I have acted for over 20 years. I am not willing to incur the huge amount of travelling time this would cause me. I think HMRC have totally underestimated the amount of bookkeeping many clients actually do. Nor am I willing to spend hours entering data. Might be good if HMRC concentrated on where the tax loss is - multinationals. I don't personally believe that the tax gap in small businesses is anything like HMRC think. In 30 years I have only ever come across one 'bad apple', the rest are too frightened of getting it wrong
I will retire.
The profession will lose talent as this is a step too far too soon.
This makes it even less likely that government objectives will be achieved.
Software updates would be required. Practises that cannot afford updated software would be at risk. I can see more clients turning to agents to help with the quarterly reporting however.
Invariably it will be the smaller clients who will suffer most as larger clients over the VAT threshold are already used to online filing. These are the clients who can ill afford the additional costs that will be inevitable. Hence they may try and do this themselves and make things worse.
It will be impossible to recharge additional admin and training time to clients. For most of them MTD will not result in more accurate or useful information. We may pick up new work as a result of being MTD compliant. There is a risk of losing work if clients believe they can file themselves. It takes the focus away from helping clients with planning for their businesses.
more work to get clients into quarterly reporting
will still have the same work to do at year end
danger is if clients submit themselves then year end work could be more involved as clients may not know if right or wrong.
It will involve employing an additional member of staff to deal with the quarterly reporting. It is likely that work will barely cover its costs. It will be aggravated, because at present Sage, do not have a full system available to scan invoices and automatically link to their software (telecom with sage 14/9/16) although they are planning to launch something next year. Until we can see the software, it is not possible to start training staff. There are also expectations (CIOT course speaker) that the implementation will be delayed, but if that happens likely to be announced last minute, and thus causing difficulties to plan and train staff.
I use a computer but do not own nor have any inclination to own or use a smartphone or apps. I will have to purchase software to be able to assist clients and for my own business records currently maintained on a spreadsheet.

<p>Recruit staff to cope with more deadlines but this will be a huge cost as fees will not increase. If clients all use different systems the task of learning how each operates will be time consuming and onerous. Will need to try and get all clients using same system but this will be difficult. Clients will need training on how to use digital systems. Clients already using these tend to make a mess of things with incorrect entries that have to be unravelled</p>
<p>Lots of time committed to discussions with clients. More information will be available earlier. Options to interrogate data.</p>
<p>I believe it will provide an opportunity but only once HMRC start to penalise clients for erroneous records kept by bookkeepers that provide a service that matches their costs.</p> <p>Initially it will drive clients to the poor quality service providers or force firms to provide a service for well below the cost that might otherwise be expected. Fortunately more and more clients are becoming knowledgeable at basic book keeping and these will be the easiest to retain.</p>
<p>As a sole practitioner who has no wish to expand, I cannot see how I will be able to cope with quarterly reporting without reducing the number of clients that I act for.</p>
<p>Plenty of opportunity to assist clients with moving to a software system and start filing the returns correctly</p>
<p>practice will be overloaded</p> <p>internal costs (mainly extra staff) huge increase</p> <p>fee resistance from clients</p> <p>deteriorating relationship client / adviser</p> <p>deteriorating relationship practice/ HMRC</p>
<p>Considerable time costs in assimilating the new rules. Costs of advising clients of both the potential of new filing requirements as well as the finalised requirements. Software to deal with the new areas of filing - e.g property rental information</p>
<p>If this comes in I will have to seriously consider giving up public practice as it will unreasonably increase the work load and already tight time pressures.</p>
<p>On going more time consumption.</p>
<p>Very hard to gauge costs, but we expect significant resourcing issues in the period post April 2018. It may lead to an opportunity to provide more services to clients who need assistance with the quarterly submissions, but we expect some clients may choose to do their own quarterly submissions (and perhaps in turn their end of year submissions). Our fear is clients assuming HMRC's tax estimates and pre-population to be correct, when they may be wrong and not factor all other income into the equation.</p>
<p>Training and getting to know a new system and the time that is required to understand it as well.</p>
<p>This is likely to give a fourfold increase in payroll costs whilst at the same time result in resistance from clients not being able to afford additional costs.</p>
<p>As a small practice of two partners, with over 250 small clients, we will almost certainly not be able to cope with the extra work and I am actively investigating (reluctantly) the possibility of selling off part of our business. As we charge low fees, most of our clients will find it a real burden to pay for the extra work, whoever does it.</p>
<p>I anticipate that more work/time will be required to complete quarterly returns rather than annual returns and it may not be possible to pass on these increased costs fully to the client.</p>
<p>More work = increased wages and related costs</p>
<p>It will increase time costs, a) in the learning curve and b) in additional work and not all of these are likely to be fully recoverable.</p>

Will have to pay a bookkeeper to do some of this work as I don't have the time to attend to every client every quarter.
No idea at this stage!
Pleased that all clients will have to keep computerised records. Concerned that clients will think they no longer need the help of an accountant and that software providers like Xero are telling customers this.
The majority of our clients will be affected by the MTD proposals, so I foresee that the changeover and ongoing MTD work will both substantially increase our workload and our client's costs (in terms of our fees). I do not particularly however regard this as an opportunity for us, but as an increased burden for both us and our clients.
Clients will need a lot of help but will be unwilling to pay additional fees for something HMRC is imposing on them. MTD truly threatens my business because, as a sole practitioner, I can see myself working for low fees to help clients comply. Just chasing small business clients and landlords for info four times a year instead of one will be massively time consuming.
increase workload basically doing the same job 3 times over
Will have to move all clients on to accounting software, the charges though often exceed our fees, so we will have to increase our charges to cover the cost. Will lose some clients as it is hard enough chasing them for info once a year.
There may be significant increases in software costs, obviously training costs firmwide, we may lose subcontract assistance due to the additional burdens they will face and may need to recruit additional staff to deal with the work. The quarterly reporting requirement in our view will significantly increase the work we do for clients and hence fees which may present issues with existing clients. The opportunities probably are few, but we may in fact attract additional clients who had previously prepared their own self assessments but now find the changes too much, or more long term, may attract additional enquiry work helping people who have filed incorrect figures due to lack of understanding of tax rules and reporting requirements. The burden on business owners (and subsequently our firm if we do the work) will be huge as some may have filings for IT/CT, VAT, MGD etc all falling at the same time.
Large increase in software costs and in the first year increase in Wages Costs
Populating the return is going to take longer thus increase costs that clients will be reluctant to accept. An increase number of filing deadlines will put added pressure on all team members throughout the year which could lead to poor morale and decline in the enthusiasm. It is already difficult enough securing all records from a client to meet the 31 January deadline without what would be adding additional burden on the accountant.
Increased cost in hardware, more software licences, and additional time spent on getting used to new software and advising clients on what to do
Nightmare!
Difficult to say without knowing the detail of the proposal. As things stand, I would imagine that most of my clients will require me to enter their hard copy records into an accounting package. The cost implications for them are truly horrendous.
Additional reporting requirements will increase the workload (potentially from 1 return to 4) Costs will be incurred investing in new software compatible with HMRC (potentially various software types). Costs will also be incurred in chasing / reminding clients of obligations. Would not anticipate all these costs could be passed on to the client.
Expecting an increase in software costs. Bookkeeping opportunities might open.
Difficulty increasing client fees.
Opportunity - more work, cost - risk of cheaper and more cloud based accountants trying to do the work and competing.

<p>Whilst there will be opportunities to provide additional bookkeeping services and assistance, this is unlikely to be a profitable area. In addition this will place a major strain on the practices resources.</p>
<p>Initially costs in advising clients which may not be able to be recovered. May allow us to pick up new clients who require advice. Ongoing costs will be minimal once the systems are set up and ongoing.</p>
<p>I believe that staff numbers will need to increase for the initial stage of Making Tax Digital as the work load will increase. This could possibly be by getting a temp.</p>
<p>It is extremely probable that the majority of my clients will want me to perform all the necessary duties to comply with MTD. Thus, my workload will increase dramatically and as I am a sole practitioner working from home I will not be able to cope with this on my own.</p>
<p>Thought required re staffing issues and fee level for additional work involved which won't necessarily be appreciated or valued by clients</p>
<p>A lot of help with processing and the first reporting periods will be required from some clients - increasing the hours necessary and potentially decreasing the amount of clients we can deal with effectively</p>
<p>We are expecting to have to increase ongoing costs to assist clients in complying with new regulations, and initial costs to assist in supply of software and training on use. We are also expecting to have to shoulder some of the costs involved where these cannot commercially be passed on to the clients.</p>
<p>UHNW clients will probably prefer us to deal with matters so it could lead to further business</p>
<p>Costs will increase due to additional work in assisting clients complete the 3 monthly reporting. Errors could increase given the requirement of the 1 month submission. Additional work required for the end of year to correct any errors in accounting during the quarterly submissions and additional costs assisting clients throughout the year.</p>
<p>Additional Training costs, recruiting additional bookkeepers, Increase in fee income.</p>
<p>Additional cost of additional reporting, which will be difficult to recover. Client will see no value in this, merely an additional cost that they have to bear</p>
<p>It will increase the burden on our practice with limited scope of recovering extra costs</p>
<p>More deadlines; staffing; higher costs</p>
<p>Additional software costs, training costs, perhaps higher client costs as a result of more activity on a client in each year</p>
<p>Software costs will undoubtedly increase. Some clients who will not be able to bear increased accountancy fees will have to be given extra discounts in order to meet obligations.</p>
<p>It should allow more frequent communication with our clients but concerned that we will get blamed for any problems that arise which are HMRC's fault</p>
<p>Not much as my practice is mainly consultancy and my few compliance clients are well organized.</p>
<p>significant and depends on the ability of our software suppliers to cope</p>
<p>Overall compliance costs will increase for all clients and put additional pressure on us to adhere to HMRC's deadlines for filing because there is no doubt that penalties will be included within this idea.</p>
<p>At the moment although HMRC are saying it won't be like completing 4 mini returns that's how it comes across so more work for the same fees</p>
<p>I will need professional software which will cost me time and money to use; not the usual difficult to use inadequate HMRC software eg previous attempt at CT software. Free HMRC software also has so many basic problems that keep happening eg leading zeros, can no longer log on to latest HMRC site as password too long etc. Real use testing needs to be done, not the usual historical inadequate testing</p>
<p>We will need to look carefully at the correct staffing structure to ensure MTD work is carried out cost effectively. Whilst it presents significant challenges for the transition period there will also be opportunities to provide new services to existing clients and to attract new clients</p>

Danger of client's not wanting to pay for the same annual work 4 times, in their eyes.
Unfortunately we do not have the resources to be able to deal with MTD for all our client base. We believe that this will lead to incorrect and incomplete submissions being made by uneducated clients.
It will increase costs.
Will increase workload considerably but will incur reluctance to accept MTD by clients due our increased charges.
Not known
A lot more costs as need to purchase new software
It will significantly increase our work load and costs and almost certainly we will not obtain full recovery from clients
It will increase work for everyone - especially retired person like myself and family (my spouse and children) who all have rental income.
It will force me to retire from practice
Partly for my benefit and partly because of MTD I am moving clients on to cloud based systems anyway. Short term time cost and money coos of software covered by long term efficiency savings. MTD is a good carrot to get clients to use cloud system but for others it will be a headache getting info on quarterly basis it's hard enough getting it annually. For these clients we will waste a lot of time and effort that will not be billable. It's no use HMRC saying THEY will do the educating. Some people simply cannot understand or don't want to make the effort to understand what comes out of HMRC. Are HMRC going to put these people out of business because they can't comply with the system. Many trades people are dyslexic or number phobic they simply can't deal with this stuff themselves, they need hand-holding.
Additional work, especially at first. Checking software reporting / dealing with queries and anomalies / more regular contact with clients
There will be more challenges than opportunities. We have enough deadlines already. If more quarterly deadlines are added to us by our clients, we will struggle to cope. Furthermore, our clients would be reluctant to pay us extra to help.
I may have to reduce my client base by 50% and charge the remaining clients double.
Will possibly have to buy additional software for the accounting. Potentially more fees from clients.
Costs of working out how to deal with the new reporting framework. There could also be a work overload in the transitional year - still dealing with the last annual tax return whilst being expected to report 2018 figures in close to real time.
Considerable time requirement in set up/time costs which clients do not see as any benefit to them.
not applicable to the vast majority of my advisory practice; however the additional compliance burden on my own affairs will be costly and will be unlikely to improve the quality of my records.
Quarterly filing dates. Likely that will have to effectively prepare quarterly accounts for most of my clients, and that the papers will not be received until the final fortnight before the filing deadline. There will not be enough hours in the day...
Quarterly reporting of business records will require additional staff, and I doubt that clients will want to pay for this.
Throw us into complete chaos due to the number of clients who would expect us to complete the quarterly returns on their behalf.
As a practice, we recognise the general shift towards using cloud accounting and so we see MTD as part of this. It will require more interaction with our clients and, whilst this is something that we welcome, it must be acknowledged by HMRC, that not all clients work this way eg the once a year dropping off of records, and so it is a whole change of mind set that takes time to achieve.
clients might leave as costs would increase

We already struggle to fill staff vacancies, and this will place an additional burden on already overstretched staff.
Initial set up costs and time but should imagine work would be more evenly spread out rather than most in December and January before filing deadline.
If HMRC are issuing free software to all clients AND accountants. This may save on software costs. But suspect we will need to learn ourselves, then teach some clients how to use the HMRC software. We may need to change accounts and tax software providers and may need to pay more for the software
Will probably increase costs significantly which we may struggle to recover if RTI is anything to go by.
Training costs for staff. Opportunities to assist with business advice based on up to date figures, being able to monitor progress on line, being able to assist remotely worried about ability to service work unless there are shifts so not all clients on the same quarter for reporting. Most now co-inside with March y/end
Will result in a logistics nightmare. Will need extra staffing client fees could quadruple!
None - I am retired
It will put too greater burden upon practices
It offers only increased cost, risk of penalties for inadvertent failings.
Large costs and increased workload. More fee pressure with clients unwilling to increase annual fee.
It will put extra stress on all tax staff and will mean taking on new staff to cope. Some clients may ask us to file returns where they currently do this themselves.
Our staff will need to become familiar with a wider range of software products in order to be able to assist with our clients chosen package. We may also struggle to remain competitive as larger practices will be able to leverage economies of scale to negotiate more competitive prices for their clients with the digital providers.
Additional staff costs without the corresponding increase in fee income
Who will need accounts? Only banks and lenders. Most will be just digital. With no tax returns either, it will be a total revolution.
It will increase time spent on compliance that may not be able to be passed on to clients, along with additional software costs by the third party software providers
Very hard to say at this stage, there will be costs and opportunities, but clients are unlikely to want to pay more overall.
There will be a substantial increase in the time required to deal with client matters, possibly as much as a 50% increase
Huge costs, additional burdens and difficulties in obtaining information
Loss of revenue putting right client mistakes: Revenue mistakes and mistakes in general
The amount of time it will take, during 17/18 to get systems in place and meet all clients to explain MTD (most will have a blank look!) and then during 18/19 preparing 18/19 tax returns AND MTD at the same time.
Presumably software providers will have a field day & I note from question 20 that this will be an expensive process for the taxpayer.
It will significantly increase workload and increase fees for our clients.
I work in-house for 3 business so it is going to impact on my time rather than cost
Additional Costs are unknowable but will include software, training and possibly more staff additional wages and training costs
Not sure
Undoubtedly there will be many clients who will be uncertain of their data four times a year and will need help in the filing process.

In theory the costs should be passed on to the client. In reality we will have a huge amount of training and development time for staff and may well lose business as we are not particularly 'tech savvy' and will not be able to service clients without a sizeable increase in fee.
It will present opportunity for more work but not a valued added service for our clients and they will perceive it as just another cost imposed by government
Massive increase in administration and costs for the settling in period as we try to make it work, then change in our business focus to avoid all sole trader and personal clients. Just as in the Investment advice market, most such will get no help or advice at all because it will just not be cost effective or administratively possible.
we will have to increase fees
Being a practice that does not currently have any clients using Cloud or Digital accounting systems the costs are likely to high in respect of both purchasing said software and also training to ensure that we are proficient enough in their use to guide clients through the process.
Depending on whether agents are able to file for clients it may cause us to decide to suggest clients go elsewhere for their accounting and tax compliance as a sole practitioner there may not be enough hours in the day for me to do the clients bookkeeping each quarter and so they may be better served by going to a practice that can. This may therefore mean that my practice is no longer viable!
Potential growth of the practice as I will need staff to deal with the quarterly filing deadlines. Lower profit margins for me as the agent, more stress. It would be helpful if the quarters could be staggered to spread the filing deadlines
Loss of clients
Simpler tax clients may choose to leave loss of income if no agent access more time spent with client checking what they are submitting more costs
More staffing requirements, IT investment, more frequent stress points in our work flow.
Large increase in workload leading to increased cost, for which the clients will not want to pay for and will result in many attempting to deal with things on their own to save costs.
Might require more staff
Changes in the disciplines of staff and reorganise departments at a significant cost
Additional work, preparation of accounts. More staff hours.
Far more unnecessary work and stress
The changes are fundamental. Costs to clients will escalate dramatically, as workload of adviser's increases.
Software costs, more admin staff needed, more staff needed for extra work load. Data storage and data protection help.
It will create opportunities for more fee income, but I do not want that, we are busy enough as it is. I fear that we will have to turn existing clients away or if we have unworkable deadlines every quarter give up practice.
MAKE LIFE ALMOST IMPOSSIBLE
It will create work and add to clients' costs, ie the opposite of what is intended.
Quite a lot of low charge out rate work
Costs to increase. Clients will have to pay for the additional services.
I am considering moving out of personal client practice and doing other tax work. It is unclear to me at present whether I shall be able to offer a service at all to clients, and if I can, whether it will be one that is of value to them at a reasonable price, and also commercial for me.
see above
Clients will think they can do everything themselves so probably loss of revenue initially but then opportunities as clients get it wrong and need help sorting it out.
If quarterly accounting is in place the time spent on jobs will be significantly higher.
I would expect that many clients will be concerned at additional obligations and will need additional help but will not see why they should pay higher fees

Increased time costs and increased fees.
I might have to lose some clients as I am at capacity. There have already been too many problems this year-Class 2 NIC, transfer of marriage allowance.
It will piss off my clients, cost them more money and is a complete waste of time. Sod off HMRC!!!!
I believe it will move us further away from a tax compliance service and mean we have to concentrate further on bureau style bookkeeping services.
It might help us convince clients who have previously been resistant to use a digital platform.
Retraining costs so that we can understand and be fully conversant with the 'simplifications'.
The book-keeping team will see significant increase in work as they will have more clients who need them to do the records keeping and filing, the long term outcome is uncertain. Otherwise issues will relate to enquiries into why the 1/4ly reports don't agree to the annual statements, VAT, what the end of year adjustments are, etc.
Additional costs & unbillable time
Software costs per client licence - difficulty passing costs on to client as they are not aware of changes
Cannot assess financial impact at this stage
More costs but more opportunities to have more regular dialogue with clients (and systems implementation opportunities)
Larger costs for clients
Training time est £1,500
An increase in training costs, a review of services and fee structure, complete review of our business model
Increase our workload by 25-50%, with an increased cost to client and almost certainly a significant increase in unrecovered time costs to us.
If the advisor can submit on behalf of the business it is possible to could lead to a lot more chargeable work for myself. But it could mean that a lot of my clients decide to do the whole lot themselves as the cost would increase dramatically.
No change as our clients will still need our help.
Extra staff costs in providing essentially the same service
More costs which I think will prove difficult to pass on to my clients.
Additional work each quarter to file client's digital returns. New work when client's can't or unable to do it themselves.
Upgrade of software, possibly hardware and extensive training. Yr 1 £1000, Yr 2 £400/600, Yr 3 etc at least £300. Opportunities: none as in twilight of career.
Certainly more time involved both initially and ongoing. As we would need to assist those at the smaller end more the fees would be higher which we may not be able to recover.
Will have to consider different accounting software more appropriate to smaller clients where spreadsheets previously sufficed. Their costs (for my services) and my costs (software) will inevitably increase. Profitability will nosedive as clients won't be able to afford the additional services but won't be able to do the bookkeeping themselves
I have a very small practice and may be able to offer more 'processing services' for quarterly returns but it depends if I can submit quarterly reports for people.
I anticipate losing a significant amount of business. I am a 'sole trader' submitting 220 annual returns. I cannot do 220 x 4 -
In first year doubling up of work as historic data and current data processed in one year. Buy in short term capacity or increase overtime.
Additional costs and time that clients will not want to pay for
I anticipate additional time costs and for obtaining software etc that will be needed.
There will be additional costs regarding the training of staff in different accounting software. There will be opportunities in getting client's set up with digital software and in bookkeeping for others.

Initial high costs. Opportunity for 'adding value' to client services.
Quarterly information will allow better planning and management opportunities. Will increase workload but may not be able to increase fees.
There would certainly be a cost in time and software (software companies will no doubt produce products). Benefits are difficult to see as there is still much fee resistance. It is possible that we would get more clients where smaller agents struggle with the new requirements.
Additional admin chasing clients additional bookkeeping grade staff
Additional time will be spent in assisting clients with the implementation and review of data.
I will have to charge more in order to cover the increased software costs and be fairly remunerated; I would expect my charges to at least double. I would also have to consider ceasing to act for those clients who are unwilling to adapt to this regime in its proposed form.
Increased volume of work through increased workload in have to prepare more detailed/accurate interim accounts (ie accruals, prepayments etc) than just once a year
I am a new and small practice so little change as I suspect my practice will evolve alongside MTD
Staff recruitment to assist with bookkeeping, which is not our main area of expertise.
I imagine that computer software firms will produce templates
To Which either I or my clients will have to subscribe. The initial costs will the time spent retraining clients Ye
It is unclear whether we need to recruit or make redundancies! Are we to provide less input because clients are doing more work themselves (can't see that happening - they are running businesses) or more input (most likely) to help them on a quarterly basis with their obligations. This has the potential to increase the level of input we give and clients will need to pay for that. It is disingenuous to say that this will reduce costs for business / simplify matters.
It will be challenging to have the right staff capacity during the transition. More smoothing of the workload and transition time would help with this.
Further significant cost in paying for new software. Costs in training staff up to use any new software. Adsorbing the costs that clients will expect us to provide FOC because government is leading them to believe it will all be free!
Unsure at present although I anticipate that it will increase rather than decrease assistance required by some clients.
Significant need for extra staff, big arguments over fees with clients, condensing of work into four months of the year.
Large impact as clients will still expect us to do the same job - ie keeping them compliant with tax rules/rqts but they will not want to pay for the additional work required
We will have to spend time retraining staff, we may need a different mix of staff
I expect we will need to increase our investigations team as so many people will be doing it themselves but making errors and being enquired into by HMRC
It will increase the workload throughout the year as there will be 4 reporting deadlines instead of just 1.
May open up opportunities to assist with client record keeping. Likewise, may also mean a reduction in number of smaller clients who can now handle their own tax affairs through their digital tax account.
As a small practice the month following the quarter end will become a nightmare as all clients have 31 March / 5 April year end. And you can forget about Christmas with change in 'finalisation' date to 9 months!
Additional software costs inevitable as currently all rental statements and very small I & E accounts prepared using excel and then info included on SA return.

How do you value stress on clients and agents?
Most of our clients are individuals with complex affairs or mid-sized corporates, so this is just an added pain for them. Most liaise well with us but reporting a small part of what they do each quarter is futile and will merely add costs. We are hoping to have a slick system to deal with it, which means steep costs for us to keep clients happy. We do not see it as a huge BD offering - more a necessary evil.
Potential costs as additional staff will be required to meet quarterly requirements, there will be a lot of non billable time in hand holding clients on the transition as many of my clients are not computer literate. There will be opportunity for more bookkeeping work but this is lower value work and not the direction I am looking for my practice to go.
Additional time will be incurred but how much will clients pay.
I do not Know
Most of my clients are small sole traders with no computer, let alone internet, experience or capabilities. I fear I will be changing my role from accountant to computer training personnel.
no comments
Uncertain at present
Initially there will be additional time setting up each client. Ongoing there will be additional work as we will be complying on a quarterly basis (effectively having 4 period ends a year) rather than one. It will be like all self employed are VAT registered but notifying the non VAT registered clients of the quarterly tax liability, instead of their VAT liability. Downsides will be cost to client and getting timely information. In principle I embrace the idea.
Massive changes to internal processes and client communication channels for those clients affected (for many we already produce monthly or quarterly management accounts). Issues in 'selling' the concept in the first place, and in justifying fees in the second place.
We may lose clients, alternatively if we decide strategically there is an opportunity to put a cost-effective mechanism in place, we may gain them!
As a one-person practice I will stop doing compliance work as the obligations and commitment will be too time-consuming and costs will be difficult to recover. Being an older practitioner I will sell that part of my practice. I am very good at the technology but practical too. Larger practices will cope by assigning quarterly updates to juniors with supervisor checking annually. Small practices do not have that option. Subcontracting quarterly update work to outside bookkeepers does not seem practical.
I'm 61 and 3 or 4 years off retirement. It is therefore an entirely unwelcome change. I will have to learn new techniques for reporting information that HMRC currently get entirely adequately in electronic means. In the case of my clients and my practice, there will be a huge amount of additional work, for absolutely no gain for anybody.
Opportunities to help clients with record keeping, enabling them to focus on running their businesses
being 'closer' to clients to spot chances to add value
there will be set up costs and a need for 'investment' in clients who need more support with digitisation
Increased costs in terms of time and training.
Unknown but substantial
It will probably reduce our involvement as trained accountants and replace our work with book-keepers

<p>It will be a huge effort to get client's computerised and to find software that will suit each one. We do not want to go into bookkeeping but will have to find suitable bookkeepers for some clients</p>
<p>Significant costs, labour intensive and repetitive work.</p>
<p>Reduce the work for us, increase the number of errors made by HMRC</p>
<p>More time consuming for little if any added value and so difficult to justify the fees for the time incurred.</p>
<p>More frequent deadlines will lead to increased work pressure to meet deadlines.</p>
<p>Costs will be software related and until we know if agents will be able to submit figures on behalf of clients, we can't determine cost.</p>
<p>The issue is that we have insufficient staff to meet the additional work. Whilst this could be viewed as an opportunity it will cause difficulties because we have to take on additional staff of the correct calibre and there is a risk that we could lose clients because of the increased charges we will have to make to appease HMRC with no benefit to the client.</p>
<p>I am not convinced this digital plan has any merit and if HMRC just wish to move from half yearly to quarterly tax payments this could be done without increasing the compliance burden for clients and advisors alike</p>
<p>I believe that the cost will outweigh any opportunities with regard to my clients to deal with the compulsory digital proposals, taking into account the extra work which will need to be done in order to file the digital reports on behalf of the clients which I do not expect to fully charge the clients for this additional work since there is a limit which you can charge a client and also the client to afford the charges.</p>
<p>Problems with broadband speed - landline is currently 2mb and satellite is both expensive and not always effective for government filing /access - this will probably force retirement or relocation.</p>
<p>I expect a number of our clients not to be able to file on their own so will want our help but this is likely to increase their costs so will not be popular. They may try to go it alone and then we will be left picking up the pieces which may prove even more costly to them in the long run.</p>
<p>Clients will initially require a lot of support which for smaller businesses and landlords may be difficult to recover, especially with quarterly versus annual reporting. As MTD beds in, clients should become increasingly confident to deal with themselves. So can see a spike in demand for compliance services in early years of MTD with this then tailing off as the system becomes more established.</p>
<p>More staff required, therefore increased costs for the practice. Clients may not see our digital work as value for money since they might essentially consider it bookkeeping. Opportunities - clients may send us their records more promptly and could perhaps see this 'bookkeeping' as a valuable service as it might free them up to do their specialist work rather than admin.</p>
<p>MTD will have a huge effect on our work (and not for the better) and a headache for lots of self-employed people who already are under a lot of pressure</p>
<p>Opportunity if HMRC do not enact it well and potential clients find it all too cumbersome or confusing. Threat if they do it well, as a lot of the reading seems to suggest HMRC think all agents do is enable 'avoidance' and they would like to remove interaction of agents from its 'customers'.</p>
<p>I work in industry not practice but we perceive a considerable burden in ensuring our corporate systems can comply with MTD even though this would be only VAT (we are exempt from CT/IT)</p>
<p>It may mean we lose compliance work but should allow us the time to invest in provide more support and planning to our clients.</p>
<p>Find a software we wish to endorse, acquire suitable software and train staff</p>

<p>Not in practice, I work for a large organisation where all records are kept on digital systems but even we would have difficulty with this change due to the making the necessary changes in our systems, and information accessibility.</p>
<p>Clients are not keen to pay for software or pay for further services. They will attempt to 'do it themselves' and therefore we will lose a proportion of clients. A few will embrace it and pay accordingly but they are in the minority.</p>
<p>It has brought forward my intention to dispose of the practice and move to retirement.</p>
<p>We envisage a significant change in the way we operate to provide more ongoing support throughout the year rather than just at the year end. Initially there will be a strain on our resources as we are providing ongoing support and setting up bookkeeping systems whilst still continuing to meet the self assessment deadlines. There will be efficiencies in finalising the accounts when the bookkeeping has been overseen on a quarterly basis. Clearly businesses will benefit from having our regular ongoing support, together with the benefit of more readily available management information.</p>
<p>I think I will withdraw from many services. At 55 I'm not interested in the daily grind of entering individual invoices, nor could I make a profit from it.</p>
<p>Probably retire as I Don't want more deadlines</p>
<p>As a sole practitioner it will make it difficult to impossible to continue operating in current format. I will be forced to stop practicing, merge with another practice or return to employment.</p>
<p>We will inevitably generate more fees because of the help our clients will need. Setup costs and the cost of the learning curve are likely to be steep. We expect new opportunities because MTD will drive many small practitioners out of business.</p>
<p>The change will require lower grade accounting services -bookkeeping.</p>
<p>Unable to forecast costs given present HMRC data.</p>
<p>I will become the quarterly reporting person for my clients, many who are not comfortable with new technology. That will increase my workload considerably and such costs I may find very difficult to pass onto my clients.</p>
<p>N/A</p>
<p>I think there will be an increase in unbillable hours as we try to help clients. I accept that there may be opportunities which do arise but I think there is going to be a tough time to get the system working</p>
<p>may have to employ an additional person, therefore increasing our costs</p>
<p>Each quarter will be very busy with competing pressures on staff.</p>
<p>Unclear as to the effect it will have at present, so there is a lot of uncertainty over what the future holds.</p>
<p>It is not clear whether agents can complete quarterly filing on behalf of the clients - this would open up opportunities. Software would need to be linked to client's online software which may involve investment. However clients are not going to be willing to incur increased fees to reflect the increased time that will be involved in the quarterly then annual filing.</p>
<p>More time consuming and extra compliance burden on an already large existing amount</p>
<p>We will have to spend a far greater amount of time assisting clients and they will not be able to pay for our time</p>
<p>The additional burden of filing 5 Returns annually for each client and will have difficulty in explaining to the client any benefit for doing this hence fee collection for the additional (necessary?) work becomes a burden</p>
<p>However you look at it, quarterly reporting is essentially doing the year-end work four times. Will clients swallow the costs?</p>
<p>Need for more junior level staff</p>
<p>Completely unsure, but I am not prepared to incur significance cost or effort to comply with a Government requirement I consider ludicrous and silly.</p>

Lots of time spent dealing with client queries.
Lots of time spent resolving miscommunications and errors with HMRC.
Additional time spent reviewing and updating personal tax clients' MTD accounts.
Possibility of getting a better overview of client's affairs, allowing for more timely advice to be given, but this will depend on clients actually providing up to date information, rather than fobbing us off with what they have always provided.
Unknown at this stage
Clients will struggle to provide information in a timely manner. Costs will increase due to picking up the file more times in the year in a similar way that payroll costs have risen.
Clients will need greater support. Those smaller businesses currently on manual/Excel records will need us to maintain their books quarterly. Possible additional income, but may lose clients as cannot provide this service cheaply enough.
It will increase the assistance that many clients will require to comply with their quarterly filing obligations.
Passing on costs to clients in raising fees is difficult enough, without this. Potentially a huge impact - will clients accept higher fees?
Difficult to quantify but it will cost our clients more and we should earn more fees. We may become too expensive for smaller clients who we may lose to smaller or unqualified practitioners
Increase in client queries, more difficulty in charging clients for time required in resolving problems, too much work to complete every quarter rather than once a year.
Will be a lot of work on changeover - quite a bit of handholding
May need more staff for routine processing
There will be a workflow bulge when quarterly reporting starts in April 18 but accounts to 31 March 18 will also be completed for old style reporting. Training clients to adjust to new regimes will be time consuming and hard to charge for. Clients will not perceive extra value
My clients will need a lot of help from me. It will increase my fees initially and they will be about the same in future.
Difficult to say as I may lose some clients due to increased costs but may also gain increased workload and/or need to employ more staff
Might have to purchase additional software but would expect to see fees increase as clients defer the processing to myself.
It will make annual accounts preparation a quarterly activity which will be of no benefit to the client unless they incur further costs to produce quarterly accounts. Opportunity to chase clients 4 times a year for information instead of once! Will create more work for my practice IF client is willing to pay for it.
For some it's another reason to start preparing quarterly management accounts which some could do with. However, these are the minority. For the vast majority it's more time which I have to pass on to clients. So many changes have added to the practitioners' burden which have been absorbed eg PAYE RTI is more work because it's so rigid, but most don't charge more for it. HMRC makes loads of mistakes and take ages to answer the phone. None of which gets fully recovered from clients. Perhaps HMRC should instead focus on getting things right and answering their phones.
Clients will need a lot of hand holding to adapt. Free advice from NGO [eg Citizen Advice Bureau/ FSB,] to clients to find suitable software/app suitable for their needs.
We will need to look at staffing resource to deal with additional reporting requirements.
It will be too time consuming - once a year is enough for me. I may need to look into changing my current software which will cost me more and I will have to pass this on to my clients.

<p>We will have to file our own quarterly updates. Clients will need help on a quarterly rather than annual or bi-annual basis, which will inevitably increase time costs that it may not be possible to fully recover.</p>
<p>Clients do not like paying fees now. It is becoming more difficult to pass on extra costs. Some clients may try to do it themselves and we will end up picking up the pieces!</p>
<p>We will need to review:</p> <ul style="list-style-type: none"> a) our computer system and I expect this will require upgrading; b) looking at security and data access issues with cloud based apps - again a cost; c) looking at how to support clients in the move to MTD, which will represent an opportunity to create a new fee income stream; d) our business model, as MTD would initially appear to require a new relationship with our clients and a reorganisation of our staff. This will be an extra cost, but may be covered by future fees.
<p>I am a 73 year old indirect tax practitioner providing part-time specialist advice to the cruise and ferry industries. I have had to adapt to e-technology. But I am certainly not digitally adept!! I know what an App is. But rarely use them. The prospect therefore of using an App to scan a copy of a taxi receipt and somehow feed this into an online profit and loss account is simply too much for me. And how will this system cope with two purpose bills. For instance, I have two BT telephone lines. One for business use and one for personal use. However, whilst my quarterly accounts from BT show the cost of the calls and rentals for my business account separately how will the system recognise this? I file my business accounts within three months of my year end and pay all my tax liability for the year end 31st March by 31 July. I use paper to prepare my profit and loss account but obviously file online to the heads provided. I believe there are many more senior practitioners who are in a similar position. I would therefore urge the Government to consider exempting all senior sole practitioners over the age of 65 from the new arrangements.</p>
<p>For small firms the initial effect may be very bad but longer term there is the hope that clients will adapt. The biggest current issue with most businesses using software is that they believe that they are operating the system fully but many fail to complete the control account reconciliations on a regular basis, many not quarterly or indeed annually. Many claim that they do not have the time. Our fees therefore may come as a shock when we complete the accounts and discover the bank/VAT and debtors/creditors are wrong. Much of overrun on fees has to be written off as the clients will not accept the extra charge Digital accounting may allow us to oversee the position and point out errors or omissions in the processing on a regular basis making the annual account more straightforward and therefore reduce the 'fee' write off.</p>
<p>The requirement to file 2017/18 SA returns at the same time as familiarising ourselves and filing quarterly 2018/19 figures is just unworkable. How do HMRC propose this will work?</p>
<p>I expect to have to increase fees slightly but am trying to keep them in line with current fees by getting everyone on electronic systems - not all clients want to.</p>
<p>I will have a lot more work to do so will have to get rid of some clients. Trying to train my clients will be a large burden on me, it's bad enough trying to get paper information from them.</p>
<p>Minimal costs chance for more staff and more revenue</p>
<p>Unsure at present, certainly will need to recruit more staff and increase training costs</p>
<p>I will probably retire. and let other people have the heart attacks. Younger accountants should go on social security. Or on strike. George Orwell 1984 is now coming.</p>
<p>Substantial costs in trying to comply. Opportunities to do more work for clients who will need help with their obligations. Risk of smaller clients becoming unrepresented if they believe an 'app' can do it for them, increasing chance of errors for HMRC. Opportunities for us to pick up more enquiry work for unrepresented taxpayers.</p>

massive disruptions
Quarterly review of client records and submissions rather than annual. Clearly additional work means additional fees.
Additional costs which will be hard to justify
There will be additional costs as there will be a significant in compliance work. The extra time spent every quarter will reduce the time available to take on new business.
there will be additional costs for clients but it is an opportunity to acquire more work provided we can liaise with HMRC on behalf of the clients
Need to spend more time for which it is unlikely clients will be happy to pay for
We are looking to provide an app this will of course cost the practice and we feel that clients will need more help in this matter and will assume that it will be covered under their engagement
There may be opportunities to assist self-employed persons who feel the additional burden is too onerous and require compliance assistance. However, new software may be required to make quarterly submissions to HMRC on their behalf.
Increase in lower end compliance and corrective work. difficult to assess impact, other than knowing that client direct submissions (be it cash accounting or not) will be a probable pickle - rent deposits - allowable legal fees - private use adjs – WIP, retentions, accruals - still need sensible figures to manage a business
We will need to look at staffing. Many clients will want us to do the quarterly filing. also sorting out a mess made by clients is often more time consuming than doing it all ourselves.
Not yet known as some clients are likely to require additional assistance and others probably less
As virtually all of our clients keep single entry paper cash books, with a few using simple spreadsheets, it will cause a huge upheaval for us. At a minimum we would require some type of new software and training, assuming we are allowed to do this on behalf of our clients. I have no idea of costs, but it would certainly generate additional work for us and considerable expense for our clients.
New software, staff training, time management
<p>Clients will be able to do it all themselves, therefore we will have to do it for them. They won't be able to afford the charge out rates on our current staff members. We will have to make these people redundant to get staff members on the minimum wage to data process. As the clients won't be able to pay our fees.</p> <p>Software companies have already doubled their prices in the last 6 months ready to profit out of this who will be the main/only beneficiaries.</p>
Additional software costs, additional staffing costs.
I expect the time it takes to do each client will increase. I expect us to have to change our fee structure to take this into account. It is likely that we will have to overhaul our software packages to take MTD into account with additional training.
Costs of assisting clients in moving to digital record-keeping. Will those costs be billable?
Loss of smaller clients as cash based small businesses may no longer need an agent / accountant
Re-deploying staff who are no longer keying in tax return data, as the information now feeds through from third party reporting.
Costs of additional software and additional monitoring of client activity on a quarterly basis.
There will be a lot of initial costs as all clients move to the cloud (digital tax is only one part of this). Then significant savings. I can deliver far more effective planning for clients in the cloud as I have constant access to their data. Many Thanks to HMRC for being the leading driver here.
Already ahead of the game, looking to make all clients digital by April 2017. It is anticipated to reduce costs for the firm and clients

<p>Considerable extra work/pressure in the first year when dealing with the previous year on the old basis and at the same time helping clients with the new basis.</p>
<p>How are we the agents supposed for the extra work required? - We shall need to educate clients, make them aware of the additional reporting, we will have to invest in more hardware and recruit more staff to meet the demands of the new system. Where currently, Self Assessment work is done over a 10 months period for all clients, we would have to do the same work for all clients on a quarterly basis...</p>
<p>No effect on me directly but anecdotally, it will harm many older practices. There are no opportunities opening up here except a cost saving benefit (and revenue raising exercise) for HMRC and for the high street processing sharks who will make a killing.</p>
<p>I would expect it will be an opportunity for additional fees, but I do not consider that to be a good thing: the costs overall will far outweigh the benefit to HMRC of what is simply an additional data-gathering exercise, of data that will cause them more problems in terms of year-end reconciliations.</p>
<p>Am considering ceasing self-employment as the investment (both capital and time) required is going to be high for a small practice. Plus lots of smaller clients won't be able to afford assistance 4 times a year and so I anticipate that my workload will increase whilst my remuneration will not!</p>
<p>Around 50% of my clients are VAT registered and so quarterly reporting will be relatively straightforward for them to comply with. The remaining 50% however will need considerable help and guidance which will be extremely costly in terms of both time and money - I cannot possibly foresee being able to charge full rates to help 'bin bag' clients organise themselves, they simply can't afford it. And quite honestly, gathering together records once a year is enough for them - but quarterly?! I don't think I have the strength!! And I certainly don't have the time.</p>
<p>We will have to offer clients some practical assistance with MTD. This may require extra staff resource to spend time with clients each quarter and/or making user-friendly software available to them. There are costs attached to both of those (and, admittedly, profit opportunity), but we don't really know at this point how to gear up towards it. We could recruit bookkeeping staff and pay for software that turn out to be redundant.</p>
<p>My clients pay me around £250 - £450 per annum for their accounts work. They could not afford to pay me for doing any extra work. By and large I am predicting they will try and do the quarterly reporting themselves with some support from me and then I will have make any corrections required at the end of the year.</p>
<p>Different clients will use different software, costing time and money</p>
<p>Clients are likely to require additional support over the move and I expect to be hit with the 'double whammy' of requiring more staff to deal with the workload (already quite difficult to achieve) and fee pressure from clients who are not prepared to pay for the extra work.</p>
<p>Increased costs which will need to be passed on to clients.</p>
<p>Costs: training, software costs, extra time with clients - how is this billed? How can this extra time be found? Already working at near capacity for annual compliance. Getting clients trained up to present better records, let alone computerised records, will be extremely challenging.</p>
<p>Opportunities: We may benefit in the long term from clients who move to computerised book-keeping but currently the large number of small business with the chance to make mistakes 4 times a year is a concern as ultimately we will have to either complete the quarterly filings for them or correct their inevitable mistakes. There are great concerns about where the time to do this work can be found. Where is the incentive for clients? What do they get from this process that would encourage them to improve their book-keeping?</p>
<p>How exactly do we explain to many non IT literate clients about the additional compliance work caused by HMRC's and Software companies MTD plans? More work for agents and further pressure on fees. A race to the bottom!</p>
<p>Time to retire and leave HMRC to sort out the mess they have created</p>

<p>This is a MAJOR worry. Our clients use all sorts of systems currently IF they use any bookkeeping system at all. A few will be able to cope and file quarterly themselves, some we will have to try and train to do it themselves but I feel sure the majority will want us to do it. How we are going to cope I have no idea and we cannot make any concrete decisions until everything is set in stone yet the timescale is far too short. This may involve major costs for us in expanding or acquiring premises and will almost certainly mean we'll need extra staff. The uncertainty is the worst thing and I know when speaking to other small practitioners this is giving us sleepless nights.</p>
<p>UNTHINKABLE EFFECTS; THIS IS A SOLE PROPRIETORSHIP; WHERE DO HMRC THINK THAT I WILL GET THE EXTRA TIME AND KNOWLEDGE FROM?</p>
<p>Quadrupling of current costs, possibly more to reconcile 4th quarter to annual basis. We shall probably have to suggest many client find a cheaper service provider as this is not the sort of work a City based firm can realistically deal with. So we may lose significant fee income and there is no guarantee that the cheaper service providers will be as technically capable us - so there is a risk of loss to the Exchequer or the clients.</p>
<p>There will be significant costs, in training, new systems, increased software costs, increased client handling (hand holding) time. etc</p>
<p>Unclear as yet but anticipating significant time which will not be able to be on billed to all clients.</p>
<p>Changes in software, need to change procedures and practices and need to train staff.</p>
<p>The December deadline will be impractical for all accountants and the changes to property income will be burdensome</p>
<p>Costs on software etc and time adjusting to the new process</p>
<p>Additional software for the bookkeeping side. Might mean more fees but not substantively and a lot more work!</p>
<p>It will cost both my practice and my clients financially and will time consuming. Presumably banks etc will still require annual accounts. I don't see any upside.</p>
<p>First thought is to retire; but that can't happen. Then think of the threat of clients doing their own thing. Then think of the practicalities of two-thirds of clients needing something done in a 30 day window every quarter. Then realise dealing with the 2018 returns is a full time activity for the previous year, before we address the current year. It's just not possible.</p>
<p>Additional admin burden, considering giving up practice</p>
<p>Increased workload at a time when I am looking to wind down and retire. Would have to consider taking on staff to do day to day routine work or sell completely before I had originally planned</p>
<p>A lot of my time would be used up in helping clients try to manage the changeover leading to problems in hitting current filing deadlines , RTI, CIS monthly returns , vat returns, SA deadlines, workplace pension staging dates etc. Etc.</p>
<p>It will create quarterly deadlines instead of annual. It will add immense pressure as clients rely on us to make sure annual info is accurate and all available reliefs are being claimed. They will not have the confidence to deal with their own affairs themselves whether on an annual or on a quarterly basis. It will require all/most practices to recruit extra staff to deal with additional work - these are not currently available in the workplace!</p>
<p>It will increase the work we have to do. We may need to employ more staff. We will have to charge clients more in fees which is good from our point of view but not so good for the clients.</p>
<p>Definitely increased initial costs and some ongoing costs - opportunity to take on additional book-keeping work on behalf of clients.</p>
<p>Large training cost on the use of new software and training additional staff that will be required.</p>
<p>Dramatic changes - to process monthly for 100's of clients four times a year means extra staff. And what will they do in the other 8 non processing months?</p>

AS A Q.C., I WOULD NOT BE ADVISING AT THIS LEVEL. HOWEVER, I AM OBVIOUSLY IN AN EXCEPTIONAL POSITION BECAUSE ALL MY LAY CLIENTS WILL HAVE OTHER PROFESSIONAL ADVISERS ON WHOM THE BURDEN WILL FALL
I am a sole trader, I will need additional support to be able to cope and will probably have less clients
We will need more staff. It will increase pressure on existing staff.
It will cause big problems
Still considering but expect further costs on software and staff time which will not be fully recoverable.
Quarterly reporting will mean a significant increase in the amount of bookkeeping work needed within a short period after each quarter (by which time paper bank statements would not even be available. This may lead to needing to hire new staff without the ability to onward charge these extra costs to clients in full.
I have absolutely no idea until the detail is known. All I will say is that it will place an unacceptable burden on some clients, we may need to provide more help to clients and we might struggle to get a sensible fee for the additional work we may have to do for them. On the plus side we would have an opportunity for more regular engagement with clients and the possibility of increased fees primarily from the corporate and HNW clients.
Potentially we will need to cease trading.
Clients will think that they can do things themselves and in some cases they may be right but it may create an awful mess of things and HMRC will delight in collecting penalties I am sure
IT will be challenging keeping up with all these extra updates & checking coding revisions so often
A good period to allow us to give more up to date information for clients of a better standard. Also will fill the gap of the demise of the SA Return.
Massive time costs on client facing individuals, as most clients will now be filing more regularly.
Rather than just licences for Sage and Quickbooks, we will need access to every app and software that the clients use which could have a considerable cost.
In theory, our work should become higher level, with the client dealing with the basic entry of information, requiring a different mix of staff. However, I think the reality with much of our client base (who may be good at their plumbing or consultancy businesses but struggle with finance matters) is that we will need to carry out the initial entry of information, just more frequently and on a shorter timescale than present, increasing our workload, especially for the December and March quarters and the cost to the client.
Difficult to assess at this stage but increased expenditure on staff training and tax software is inevitable.
We operate a paperless business and are technology driven. However we are aware that if HMRC do not implement this change effectively it may result in additional costs for our practice.
Huge additional workload which clients may not be able to afford to pay for. To make this possible this should be phased in as RTI was with financial incentives to encourage small businesses to convert early.
I think costs for compliance will increase considerably for those caught by quarterly reporting. Initially IT systems need to be updated and all internal reporting systems to track clients. It seems to me we will be preparing 4 tax returns rather than 1 so costs could quadruple, not sure clients will happily pay 4x current costs.
I would expect the requirement to file 4 returns instead of 1 (despite Government propaganda denying this) will result in 4 stressful periods in the year, as opposed to 1 year end return.
I am a sole trader so it will have a huge effect and the time taken.
I will consider closing. I haven't got the inclination to be heavily involved in bookkeeping and a treadmill of continuous returns with likelihood of error and consequent risk

Costs of new software, employee costs for initial set up time and on-going additional time costs to make sure clients comply with quarterly reporting
We expect that we will need to employ more staff to deal with the extra work, as we anticipate that although some clients may do the reporting themselves many more will pay us extra to sort it out. More staff will lead to extra overhead costs (we may need a bigger office). We will use this opportunity to guide many of our clients to cloud accounting and offer to take over the bookkeeping where appropriate. We may also use the quarterly reporting to forge closer relationships with our clients and review their figures more regularly for tax planning opportunities.
Difficult to say. We don't deal with many unincorporated businesses and mot companies already use Xero or other software but they will rely on us to check before filing. We also act for large numbers of landlords who don't use software and typically assemble tax return info annually. They will need support but will they want to pay for it? so maybe training them to use software and self report in some cases and quarterly preparation and checking for others
More initial cost as move clients to digital and arrange procedures for filing.
Opportunity for new clients who do not want to deal with digital themselves.
Clients expect help form their accountant to do the migration but guess what, they do not expect to have to pay for that help!
It will most likely need us to spend more time advising clients/collating information/submitting information. This does not always translate to larger fees, as clients do not always see the value in us performing this work for them. They will see it as a nuisance -something that just has to be done - with no real value to them.
I am close to retirement age myself and will probably retire early. I envisage a great deal of time being spent with all of my clients. They will not want to pay the additional fees and I do not want to spend the time doing this. Some large firms will probably welcome this because it will increase their fee income.
Basically we will have to obtain info from client quarterly and do 4 tax returns a year (albeit 3 mini ones and 1 proper one). That's a lot more work. Will clients want to pay for that, I doubt it? You can't trust clients to do it themselves. If they do then our job will be unravelling what they've done and sticking it back together properly. Fine, so long as there are no penalties for having a different year-end fig to the 'expected' fig based on quarterly reports.
This will include all my clients who let out the odd property, eg expats who let out their home whilst assigned abroad (who don't generally pay tax as its < PAs, those with a single let property, eg spouse's old flat they can't sell. These are not people 'in businesses. There needs to be an exclusion for them.
Training and education - software costs,
We are a small practice and this would triple our workload. We would therefore have to employ more staff (provided that the clients are willing to pay for us to help them on a quarterly basis). Those clients who do not want to pay the extra fees and try to do the submissions themselves are likely to make errors which we then have to remedy, again taking more time and possibly creating more cost to the client.
Initial costs to gain full understanding, could well be ongoing benefits through extra compliance work providing clients are willing to pay!
In short term might result in higher practice fees in ensuring compliance with MTD. In longer term will further weaken client/agent relationship and provide HMRC with an opportunity to bypass professionals.
It will take us more time and we will be unable to charge more fees for this service. We could lose clients.
It will make more money for practices as clients are not capable of carrying out this work themselves
At the moment we use VT for accounts and TaxCalc for tax returns, we are looking into integrated software through Digita, and this will have to be sped up to comply with MTD

It would have a detrimental effect as many clients are elderly and it literate; could cause my clients and myself to cease business
Will need to look at software and effects on workflow. Depending on deadlines, will we have a 'January' every quarter?
As a sole practitioner I think it will be extremely time consuming trying to help my clients register and complete MTD obligations. Most clients are small self-employed businesses currently using hand written records or excel spreadsheets. It will be an absolute nightmare trying to get the decorators, gardeners and singers to use the new software.
Not sure
Software costs, training of staff, stationery, quick time frame for clients could take years for some.
we will have to do all this work for the clients, extra work for us, extra costs for the clients
I am a sole trader and will need to employ staff and pass on this cost to my clients.
For the first three years at least, the workload will increase by approximately 50%
Initial costs of setting up. Afterwards more travelling to collect and assist my clients
There will be four 'January' deadlines every year. Initial costs in educating clients, plus the software companies extorting higher costs.
I am certain costs will increase substantially. The requirement to file CT return using IXBRL technology has increased costs unnecessarily without any benefits to HMRC
Tax return service will move to a purely advisory/ tax planning service which adds more value for clients. Implementing a new strategy will take time which does have a cost associated but difficult to quantify at present. Up selling opportunities will arise. Admin burden on clients will be more the issue but again upselling opportunities for advisors
Increased workload, potentially unrecoverable costs
Extra work assisting clients to become digital, ongoing assistance on quarterly basis. As a small sole practitioner this will place extra pressure on me. Pressure is already considerable keeping up with tax changes as well as new GAAP.
High initial costs and ongoing compliance costs to increase
no idea
Costs of providing initial information and subsequent assistance to clients
Long term it will be good as clients with better records tend to run their businesses better. Short term there will be significant extra work helping the clients onto new systems
will create too many problems for me and I will be forced to retire
A LOT OF EDUCATION FOR MYSELF, A LOT MORE TIME PER CLIENT, WILL HAVE TO CHARGE MORE, IF THE GOVERNMENT HAVE NOT ALREADY PUT LANDLORDS OFF ENTERING THE MARKET THIS COULD PUT EVEN MORE OFF, BEING ALSO A MORTGAGE ADVISER THE GOVERNMENT HAVE TO BE CAREFUL NOT TO CREATE AN ENVIRONMENT WHERE NO ONE WANTS TO INVEST IN PROPERTY.
I run a new practice focusing on Cloud software for my clients. For me this is a great opportunity as all new clients go on the cloud straight away and my existing clients know its coming. My biggest challenge is getting some of my existing clients to pay for the software when they are happy using Excel so introducing it now will impact my margin if I pay, but I am considering doing this just to have everyone aligned. My main concern is that the software costs are high and on a monthly subscription basis - if the developers put prices up by say 15% - this will hit my margin and I will be forced to pass it on to my clients which isn't ideal, as I don't annually increase my prices with inflation, only for volume of work- it makes me more vulnerable to price changes outside of my control.
New technology and time costs for training clients

<p>I am a micro business with 60 private clients, where all the clients use paper or spreadsheets. Mostly small scale self employment eg consultants and rental income, plus pensioners with significant investment income. None use a package eg quickbooks. My workload could increase by more than 100% with having to do the quarterly reporting. I am already considering firing one of my clients as I know he will not comply with the quarterly deadlines.</p>
<p>I do not wish to have more work as compliance is relatively boring compared to the advisory work on CGT and IHT that I enjoy.</p>
<p>We foresee a massive increase in workload as clients generally will not want to deal with this but they will not want a big fee increase. We expect to significantly increase headcount.</p>
<p>Additional work, more deadlines</p>
<p>Difficult to predict at this stage but undoubtedly negative and clients will be resistant to price increases.</p>
<p>Extra work and therefore more fees.</p>
<p>It may open up opportunities for helping the clients who can't file themselves, but since it's a cost they don't currently have our increased fees will be limited</p>
<p>It will increase costs and create an unprecedented admin burden. Ongoing it won't be easy at all.</p>
<p>It's an added cost for clients who will look to their accountants for help with something they will regard as 'information overload'.</p>
<p>Pressure on staffing / lack of ability to pass on cost / more interaction with HMRC in resolving disputes (HMRC being exceedingly poor at error correction/ assistance)</p>
<p>We will invariably incur far more costs to educate clients, systemise the returns and constantly chase clients to comply. Clients don't comply until the 11th hour with annual returns, annual accounts and CT600s, etc. If we switch to quarterly you will have 4 times the compliance burdens and chasing and reminding clients 4 times a year instead of one.</p>
<p>Quarterly fees may be higher than a one off annual fee.</p>
<p>My concern is that HMRC go around telling clients 'it's so easy' and clients will believe this, make errors and get penalised. It will impact on the annual cycles of work to some extent.</p>
<p>It will lead to a greater amount of HMRC queries (a lot of which lead to nothing or are incorrect) which clients are unhappy about paying for now, let alone quarterly. This is just a blatant attempt at HMRC trying to accelerate cash flow irrespective of whatever their PR Says.</p>
<p>I WILL INCUR SOFTWARE COSTS AS CURRENTLY I USE EXCEL AND HMRC FREE ONLINE FILING FACILITY. AS A SOLE PRACTITIONER I DO NOT WANT TO BE TIED TO QUARTERLY DEADLINES SO I THINK I WILL HAVE NO CHOICE BUT TO ASK THOSE CLIENTS OVER THE £10K THRESHOLD TO LEAVE (SOME OF WHOM I HAVE ACTED FOR OVER 20 YEARS). I THEN HAVE TO DECIDE IF THE NUMBER OF CLIENTS LEFT ARE SUFFICIENT TO JUSTIFY SOFTWARE COSTS TO ACCESS THE NEW DIGITAL ACCOUNTS PLUS PII +MLR+ SUBSCRIPTIONS. ALTHOUGH I DO NOT WANT TO RETIRE I FEEL I MAY BE FORCED AT 53 INTO EARLY RETIREMENT. I AM ALSO WORRIED ABOUT THE PROPOSED SIMPLIFICATION OF THE TAX SYSTEM WHICH CHANGES ALL THE ACCOUNTING RULES WE KNOW AND FEEL I AM TOO OLD TO RELEARN EVERYTHING AT THIS STAGE.</p>
<p>Increase in book keeping duties increase in staff costs which will be difficult to pass on to clients</p>
<p>Difficult to estimate but likely to be quite large, at least at first.</p>
<p>Dramatic impact. Majority of clients will need help quarterly rather than yearly for compliance</p>
<p>More 'basic' bookkeeping and checking which may not be recoverable through costs</p>
<p>I have already had to take on another member of staff, and will have to outsource work overseas for the busy periods.</p>

New software and processes required, Additional people /resource to process. Additional time = additional fees? More up to date info for providing advice on.
Increased costs, much of which will not be recoverable, let alone profitable.
It will add utter confusion to my relationship with my clients. My once a year interaction may well become at least 4 a year. I cannot see that coming cheap. The devil will be in the actual detail; this detail is not yet at all clear.
Requirement for staff to spend more time processing data entry unless clients can utilise some software to be developed.
Very little, as would help to spread the work over the year. We would be involved with many clients (Particularly the smaller ones) on a much more regular basis (which will cost them).
We believe that we will have to spend more time helping the clients but would find it difficult to pass all of the costs on to them. We will possibly obtain more bookkeeping work but will need to find the right level of staff to deal with the additional work.
I have many elderly clients who may perhaps have one rental property and keep paper records. I will therefore need to buy new software.
additional staff will be needed
Costs of communicating impact of the changes to clients.
Irrecoverable costs of assisting clients to comply
We will need extra staff to cope with the extra compliance work of completed quarterly returns. There is the opportunity to increase fees if the clients will pay
Too soon to tell.
Extra opportunities for new tax return clients
An increase in staff is a certainty
I will stop offering compliance services and focus on providing tax advisory services.
Increased stress
I anticipate that dealing with business clients will cost more but it should also enable me to earn more.
Anything that centralises data for everyone to use makes things easier all round. Data collection is the non value added part of the process and really quite an overhead.
none
It will mean a shift in the market, a change in methodology, retraining and new systems for no overall positive effect. Any increase in fees/ profit will be for red tape compliance rather than adding any value
Training costs and time to get to grips with numerous systems being operated by numerous clients. IT Costs to open our systems up to clients systems.
Additional staff costs. Need to increase prices. If compliance costs increase significantly will lose clients to doing themselves increasing risk of client errors and loss of tax revenue for HMRC.
n/a
We are a not for profit organisation so our costs will increase
as a sole practitioner i will be unable to cope with these demands, clients will not want to pay for the additional support they will require
THE FINANCIAL AND MENTAL PRESSURES WILL BE EXCESSIVE.
Training costs to make sure all have the correct levels of skills
Prepare quarterly information rather than on an annual basis. We would not be able to pass on all these additional costs to our clients.
We may have to develop software to allow us to act as an intermediary between our client and HMRC. The quarterly submissions would result in additional work being required for our client's within a tight timeframe.
Learning new systems eg QuickBooks online or xero to get clients onto them- mainly time cost for us.
I consider our client fees will need to increase

n/a
Client's will need more support, which they will have to pay for. Many clients will not be willing to pay for this support and will therefore try to do it themselves or use less proficient advisers. This will lead to a greater number of errors.
Ultimately, I imagine our practice serving slightly fewer clients but doing more work for them.
Quarterly deadlines may also mean that clients become less engaged with getting it right, thinking they will fix any adjustments next year. It's a change in mind set that they will find difficult. Something HMRC don't seem to get is that clients are business-people and landlords, and not great record keepers and administrators.
Intend to close own practice & retire.
I have no intention of being involved in a low -value (thus low fee) high risk activity. I will probably close down the compliance side of my practice and may quit professional practice altogether
Opportunity to do more bookkeeping work and promote online bookkeeping software.
Ability to advise clients 'in year' instead of after year end.
Smaller clients may no longer need services of a qualified accountant.
Workflow issues if year ends and basis periods change.
May have to employ more staff to ensure that the quarterly reporting deadlines are met. Likely to increase the amount of fees that we charge clients.
Opp - further assistance to clients
Costs - possibly additional software, more time supporting clients which they won't want to pay for!
It is likely that there will be greater cost initially and higher on going costs - the size of which will depend on the HMRC free software. A lot of my sole trader clients use spreadsheets at the moment - so it would be moving across to a digital solution provided FOC by HMRC
It will simply replace the tax return work HMRC proposes to withdraw. New software will be needed.
I think it can potentially take legal work away from practices and therefore reduce fees. I think it will also encourage the client to complete the return themselves, which could lead to errors.
I can see it quadrupling the workload for no extra fees
Additional costs that will be difficult to pass on to the client
We may need more people but it is a great opportunity
Don't know at this stage but probably retire
Cost will be for the client, more work for us, but will cost clients
Staff / IT (telepcom and portal services /software and hardware) / backroom staff/secretarial support / data storage - many others not yet specifically identified.
Initial and ongoing work will be unprofitable because clients will resist having to comply. As sole trader, will have difficulty in finding additional time.
Fees will increase and client numbers will have to decrease. Some clients will not be able to afford the additional time required.
Extra costs, extra work
Likely to increase time costs incurred, as we will be completing returns each quarter rather than an annual return
Additional software costs
Time educating and assisting clients

Will increase cost if HMRC don't provide free software as they do know, to prepare SA100 returns. Will add to the time spent on the client work, which will cost the client more. The firm will need more staff to deal with the changes. In short, more costly for all - except HMRC.
An impossible amount of checking/filing on a quarterly basis. When small business clients expect us to do their accounts we will see them 4x a year instead of once. The administration time of requesting the correct information and consulting with them 4x a year will be disproportionate to the size of the job. There fees will increase.
I'm 64 now, a sole trader, and something like this will just encourage me to stop working earlier than I really need to.
If, as expected, a lot of clients will require help with completing their quarterly updates, this will put a significant strain on resources.
increased costs
There will be a high cost to my practice in educating clients and maintaining records under the new requirements. I can't see fees being earned in proportion.
New job opportunities
Our practice costs will increase as we will need to assist, if not complete, the records to comply with the regulations. As we invoice based on time spent, be it per hour or by agreed fee, our clients will have to pick up the additional costs. The clients who this affects the most are the small businesses who may only employ a couple of people and who cannot afford additional compliance costs, 'red tape' and whom we will have difficulty in recovering the fees
We will need to employ additional staff and charge the clients significantly more fees to cover the wages increase
I expect significant software cost and time learning how to use it to be incurred
increase staffing
There will be a higher software cost and higher initial labour costs, at the least.
It is yet another processing costs, yes we will have more income but there is no end gain to the client.
Increased software costs
Changes in software and reducing costs for preparing individual personal tax returns
Not yet considered
We anticipate significant additional compliance costs and that a large percentage of those costs will prove difficult or impossible to recover from clients.
Significant training, not much ongoing extra costs but mostly upfront procedural changes in office.
If quarterly reporting is brought in, it will not be cost effective to act for a significant percentage of our client base, who will not be able to afford the increased accountancy costs.
new clients when some firms are not ready
Likely to be significant costs when clients first go live with digital reporting, both for those clients who are used to digital reporting but have no confidence when it comes to tax, and for those whose accounting systems need to be completely overhauled to meet the requirement. There will be opportunities for additional fees but these will be small (it will not be a value add service). It is likely to increase the variation between the 'good client' who keeps books up to date and pays fees and the 'problem client' who presents messy information at the last minute and then is remiss in paying the fee.
No idea. How the proposals impact partnerships is wholly unclear.
Less revenue at first as clients seek to minimise their costs by filing themselves, followed by influx of more work where clients have made mistakes and are penalised by HMRC.
I expect the typical small business to have to pay us to assist with this, representing a significant burden to them
Additional work and pressure, but fee pressure is already significant and clients will not pay more.

I expect that any costs will have to be paid for the client if HMRC wants agents to deal with MTD on their behalf. I do not expect any opportunities to arise.

Appendix Three

Free space comments from survey respondents about Making Tax Digital

<p>Too rushed - we've had problems of HMRC picking up incorrect bank account details as a reason to open an enquiry - if they can't get it right for a specific case they have selected how can they get it right for mass downloads of info? Trustee being allocated trust account in personal capacity by HMRC and HMRC getting wrong taxpayer and accusing our client of not declaring £000's of bank interest.</p>
<p>HMRC should set our principles, ie digital recording, auditability, etc and let business decide how to do it. Are they proposing electronic copies of all taxi receipts??</p>
<p>Cost but not benefit to business - further regulation for the sake of it and not because it gives a benefit</p>
<p>The code that was supposed to be sent as part of the verification process didn't arrive for more than a day.</p>
<p>Government in general has a woeful record over many years for specifying, buying and commissioning computer systems and there is no recent evidence of any improvement;</p> <p>In a review this week I find that of my own clients 48% have a computer for personal or business use: the extensive personal usage cited in Mr Gauke's pamphlet of December 2015 appears over=egged;</p> <p>Of the clients with a computer a handful keep some accounting data on spreadsheets of dubious accuracy: none uses a proper book=keeping or accounting program produced by Simply Books/Quick Books/Sage/ Iris/PTP/TASBooks, etc</p> <p>I use software in my own practice because life would be impossible without it:</p> <p>I bought my first PC in 1985</p> <p>I have been fully computerised for</p> <p>spreadsheets and word processing since 1986</p> <p>accounts preparation for sole traders, landlords, partnerships and limited companies since 1994</p> <p>payroll since 1994</p> <p>personal tax since 1996</p> <p>corporate tax since 1999</p> <p>I am not afraid of computers but I am very wary of their limitations</p> <p>I have researched extensively but I have not found an accounting software package that might be cost= and time=effective for my own practice</p> <p>A computer will not reform an idle, ignorant or slapdash book=keeper or trader: if you add a computer to a mess you will spend a lot of money and finish deeply demoralised and possibly bankrupt with a computerised mess</p> <p>The consultation documents write of 'support' to 'customers' by way of personal visit or telephone call: many of my clients would regard a personal call from HMRC visiting officers with as much fear and horror as they would a televised dawn raid by the Vice Squad;</p> <p>If HMRC wishes to accelerate tax collection this could be achieved far more easily, more cheaply and more understandably by:</p>

starting to accept payment by cash and cheque at Government offices, of whatever department, whether by post or by taxpayer personal attendance;

continuing to accept payment by cash and cheque across bank and post office counters;

continuing to accept payment by debit card, credit card, bank standing order, bank direct debit;

paying a modest rate of interest on payments received before the due date, from the date of receipt to the due date.

Most taxpayers provide for their liabilities already by saving in a bank or building society: they do not pay tax early because they receive nothing for so doing, even though the bank pays very little. The government must borrow the money anyway and the taxpayer, if properly harnessed and encouraged, could contribute a significant improvement in government funding at minimal cost

Generally my sense is that HMRC are not being transparent about why they want MTD. The only reasons put forward on the HMRC webinar are it is to reduce record keeping errors and so that businesses can have an in year estimate of their tax bill. It seems a vast amount of upheaval for businesses - client that want an in year tax estimate ask for one or are set up so that their excel spreadsheets provide this.

This is just not a good idea. There will be more errors created - think of why they use an adviser in the first place? We will spend most of our time trying to rectify these problems under the new system. It creates an additional compliance burden for our clients, for us.

The system must not be rushed in before ready. Having used the online filing for share scheme reporting, it needs to be fit for purpose. The ERS system is completely inappropriate for agents to use on behalf of clients, something far better must be in place for self assessment.

Filing 4 or 5 tax returns a year for most of my clients will just bring huge burdens for them and me. More and more deadlines and penalties hanging over us. In many cases one quarter's results are very different to another so it will just give an unclear picture anyway. They already collect tax by payments on account which are based on the last year which on average should be fairly accurate, if they want payments more regularly they could move to quarterly payments on account and just leave one tax return a year. Many clients still only manage to face this task in January. Many find accounts and tax very difficult, and this will make it 10 times worse. I haven't broken the bad news to them yet, but this is my next job. Many (including my own practice) use excel spreadsheets to record our accounts figures. These can be tailored to suit personal needs (which low cost software products could not). I do not wish to be forced to change the way I keep my accounts as it works absolutely fine. I would be able to extract totals for income and expenses quarterly from the spreadsheet for submission. That is presumably what we will be able to do. You can't force me to use Sage etc?

Many of our clients (including ourselves) use spreadsheets for record keeping, and it will be difficult to move away from a system that is concise and readily accessible to almost everyone, without any great skill or knowledge required.

There are concerns at how accurate the software will be at correctly coding transactions, especially for partially exempt businesses when using an 'off-the-shelf' package that doesn't specifically deal with this issue. This could lead to substantial errors in the VAT calculations and lengthy adjustments required in order to appropriately record the correct VAT position within the electronic system. Currently, a number of businesses use Excel spreadsheets to manipulate their data and carry out partial exemption calculations off line. Journals and manual adjustments are often processed after the submission of the VAT return to record the correct VAT recovery position which is unable to be produced by the electronic system.

The deadline of 9 months from the accounting period end to submit the 'end of year' activity seems reasonable; the only issue might be for those on March year-ends (aligned with the tax year end), since there are a number of bank holidays in December when the declaration is due and some business and their advisors close over the Christmas and New Year holiday period. Business who are required to undertake a company or group audit will also be busy at this time of year in order to lodge their accounts on time at Companies House. Extended deadlines for those on March year ends or a 10/12 month catch up return would provide an extra bit of time and breathing space to identify and disclose any errors in the data, which may be different from errors noted during the audit process (ie where mistakes have already been corrected in year).

With regards to the £10,000 threshold for exempting businesses from Making Tax Digital, we would suggest aligning the exemption threshold with that of the VAT registration threshold in order to encourage new start-ups and not dissuade entrepreneurs from starting a business with the additional compliance costs of MTD. However, if a low threshold is adopted, access to government grants or discounts for new start-ups could make things easier for small businesses. It may be beneficial to extend the exclusions to include charities and other not for profit entities, as this sector tends to have more complex VAT calculations to prepare, and the proposed changes may take longer for them to implement. If the exemption cannot be extended, it may be worth delaying the commencement date for such entities or introducing a trial period so that they can test the system and become fully up to speed with it.

Delaying the start date for small businesses that are not incorporated and not exempt is likely to be regarded favourably, as it will give them extra time to become familiar with the software/expectations and would also help encourage new entrepreneurs into the marketplace.

For businesses that have more than one agent, they will all need to be able to access the clients' accounts and not have their access easily removed by another agent or by HMRC on the instructions of another agent. This could cause disruption to the submission of client's returns where agents were able to view other agents' access through the client login details and change/remove such access. At the moment, clients often have separate login IDs for VAT and PAYE or their returns are submitted using the agent's own access details.

Whilst voluntary payments will be good for managing cash flow and budgeting, and keeping track of estimated tax liabilities, it would be useful if a number of these voluntary payments could be used to remove certain 'penalty points' businesses may incur for late payment/submission. Otherwise, points could be held on an account for 24 months, which seems quite excessive. Voluntary disclosures and error corrections to previous returns, whether above or below the thresholds, should be easy to make via the MTD system and we would suggest that businesses are not penalised for voluntarily disclosing mistakes and errors below a higher threshold, in order to encourage good compliance.

It is currently proposed that HMRC will be able to launch an inquiry into year-end declarations, but not the quarterly updates. Moreover, inaccuracy penalties will not apply to the quarterly updates. This may lead to businesses submitting NIL quarterly updates, and leaving the annual declarations to the last minute, and possibly making errors. It may be better if HMRC ask for all updates to be accurate submissions, and subject to some form of error monitoring, to ensure traders submit correct figures regularly eg risk profiling on the number and/or magnitude of errors corrected in the

<p>final return submission.</p> <p>The suspension of penalties for the first 12 months, whilst traders become accustomed to the new requirements, seems reasonable and would help encourage compliance whilst businesses adapt to the new system.</p> <p>The points based penalty regime appears to be fair, the only concern is that 24 months may be quite a long time for points to be held.</p> <p>Penalties for late payment of tax which are proportionate to the period of lateness seem fair, as there are occasions where payments are only 1-2 days late because the funds have not cleared the bank account in time.</p> <p>Aligning the rates of interest across the taxes should simplify matters for tax payers.</p> <p>Increasing the use of 3rd party information will be another method HMRC will use to check the validity data submitted by businesses. Potential issues could occur if there are errors in the 3rd party data, as it appears that it will be a slow process to correct this.</p> <p>We have some reservations on whether the proposed implementation date of 6 April 2019 will work from a VAT point of view; will the software be efficient and will businesses have time to put procedures in place to meet these requirements.</p>
<p>As explained above, HMRC and their systems cannot be trusted to properly deal with information that they receive from third parties - and where that information is wrong, the onus will be on the taxpayer to sort out the problem with the third party.</p> <p>Most taxpayers will not understand what they have to do, or whether what HMRC have produced is right or wrong, and if HMRC have used information inaccurately, they will have no idea how to correct it.</p>
<p>I despair utterly of this proposal. I am now retired but I assist my daughter and my son's girlfriend with their small businesses. Both have a turnover above £10k & both are IT literate yet when I have explained MTD to them they have been horrified. My daughter's business is to some extent run as 'therapy' as she has health issues; my experience in the past as an adviser suggests such people will particularly struggle - they will have ups and downs which at present can be resolved by just putting everything to one side for a while but MTD will impose very onerous time requirements on them. I also feel very strongly that MTD is just going to result in a larger black economy.</p>
<p>I work with a lot of small businesses. I see loads of people who can't afford an accountant. I see quite a few manual workers (window cleaners, cleaning ladies, odd job men). They work very physically hard for often low wages. I wouldn't call them the brightest bunch, but they are trying to stay on the right side of the fence and declare their income. This will push them under ground - they are often paid cash. They haven't got the ability to cope with quarterly reporting. £10,000 is too low. Someone on £83,000 has turnover of £1600 a week, £300 a day. If someone can earn £300 a day they can cope with using digital tools or pay someone else to do it for them. Those earning so much less can't afford the help and haven't often got the ability or English to understand themselves.</p>
<p>HMRC have not thought it through or considered the practical difficulties to the ordinary hard working trader with limited time and resources for admin work, and reluctant to pay further professional fees.</p>
<p>The HMRC perception is that everyone is good with digital records. The truth is that they are not. People take photos, send texts and so on - but when it comes to having a logical way of filing and keeping digital records it is a nightmare. It will cause so much confusion, loss of records, incorrect reporting and so on. It seems a step too far and much too soon. Self Assessment generally works well - so why change something that doesn't need fixing.</p>

<p>I have tried to setup my tax account twice and both times after spending around 10 minutes completing the various steps it failed on verification. I am a home owner with young family, car and a professional job so why is it that I cannot be verified? I would imagine that if clients have similar issues they will get disillusioned with this fairly quickly like I did.</p>
<p>This is just another burden placed on small businesses and another set of deadlines to give rise to the risk of penalties. To move from annual reporting of global figures to quarterly reporting transaction detail is a huge imposition. That includes the proposal to require landlords to allocate every expense to a property</p>
<p>I think it will be a disaster.</p>
<p>I will be responding to the consultation, but my basic feeling is as expressed above. Main points:</p> <p>This will not close the 'tax gap' - it will likely make matters worse. It will force more regulation, cost and bureaucracy onto those who are already struggling with the most complicated tax system in the world. Those not in the 'system' will not be any more willing to join!</p> <p>The vast majority of taxpayers (and their Agents) want to pay the right amount of tax as easily as possible. MTD does not help this happen.</p> <p>HMRC should start with the large businesses.</p> <p>My older clients are shocked by the proposals and some have decided to accelerate retirement plans!</p> <p>Being Digital is not a panacea. For instance, HMRC's computers cannot even handle the 2015/16 Class 1/2 NI changes - despite having over 2 years to put the software in place! This has wasted hours of staff time. What a shambles.</p>
<p>Having attended an HMRC 'consultation' on MTD, it is quite clear that they have no idea what they are doing. They do not understand accounting standards or how this whole digital project will knit the sundry items that make up a tax return together. MTD is ill conceived and should not proceed.</p>
<p>If MTD is to go ahead, we need a five year introductory period like RTI to have any chance of it being evenly remotely a success.</p> <p>Also need professional bodies to be much more vocal in their criticism of the current proposals and actually convey the thoughts of the majority of their members, rather than offer polite comments and platitudes.</p>
<p>There are no benefits to the taxpayer, only costs. This is all about helping HMRC accelerate tax receipts and reduce costs, but the taxpayers will bear the brunt of the costs and the pain. So much for them being customers.</p>
<p>Digital reporting will be a considerable burden on the smallest businesses who typically keep paper records and complete them irregularly , it will discourage some people from going in to business and for some will discourage accurate reporting with unrecorded cash transactions being an attractive option for some sectors rather than encouraging compliance</p>
<p>I think it is a good idea that is being badly implemented and I worry that it will result in multiple fines for non-compliance for clients who struggle, but manage, to cope with annual filing at present</p>
<p>I do not know why the current SA system could not be linked to the MTD account which would solve many of the current concerns of the system making it more acceptable and workable</p>
<p>This is a step too far. Issues relating to other HMRC initiatives eg RTI have not yet bedded in satisfactorily and another one is being imposed. This is a cost saving concept by HMRC whilst the burden is being shifted to the taxpayer.</p>
<p>It is a sensible goal for HMRC, but the time scale for implementation is very ambitious. It assumes all businesses have access to and use computers in their everyday processes. This is just not the case.</p>

<p>MTD is a great concept and I can understand HMRC desire to make this work.</p> <p>HMRC must however, ensure they take sufficient time to implement this so as to ensure it works properly.</p> <p>There are going to be some very difficult scenarios such as Partnership and Trust reporting. These need to be delayed in the process again to ensure MTD works for them.</p>
<p>It will make our job very difficult and a lot of time will have to be spent going over the same ground.</p>
<p>HMRC cannot even answer a phone or an email within a practical timeframe. Who in HMRC are going to be looking at all these submissions.</p> <p>With big year end adjustments likely, it makes the quarterly submissions meaningless; rubbish in, rubbish out.</p> <p>The burden and the cost will drive many small businesses out of business, and it will drive out the entrepreneurial spirit which has gained momentum due to high unemployment levels. Clients increasingly say this country is difficult to do business in simply due to all the red tape. Most people are honest law abiding citizens, paying their taxes when due and don't need big brother treatment making them feel like criminals. Is this really going to help bring more tax in, or catch the few who misbehave, or is this simply yet another employee in HMRC having to justify their salary.</p>
<p>People are in business to provide the goods/services in which they are (hopefully) experienced. They then use an accountant to prepare their accounts and deal with their tax obligations. I do not service my own car, but get an expert in that field to do it for me.</p>
<p>Will HMRC systems really be able to cope? With the problems experienced with the online ERS returns I cannot see how it will work smoothly. Online support lines are already busy and this will place increased pressure on them.</p>
<p>Put it back until you have sorted RTI out at least. This needs proper planning and consultation - start in 2020 at the earliest.</p>
<p>I would feel a lot more comfortable if HMRC were honest and open about their intended use of the information. This is a compliance-driven project, not about helping taxpayers, and would not be contemplated if there was no compliance gain. S.12B is particularly important in this context.</p>
<p>The Government appears to be trying to make the lives of the taxpayers who try to pay tax far more expensive and stressful, without any immediate benefit other than receiving copious amounts of data, rather than information, earlier than at present. Many practices will close with the introduction of MTD.</p>
<p>The proposed move to a 31 December deadline is completely unworkable in my opinion. The idea of shifting the overtime that we work in January to December is extremely upsetting and I personally will have to consider leaving the profession if this was to go ahead. I believe as a profession we should be protesting against this change as loudly as possible.</p>
<p>This proposal should be scrapped. There is too much tinkering with taxation. Small business have neither the time or money to implement MTD.</p>
<p>likely to be a total mess if some required to join & others aren't - one simple system for all will lead to fewer problems</p>
<p>I watched the HMRC webinar for small businesses and they seem to be trying to pass the buck to agents, for example, advising them to consult their agent about what software they should use. It would help if they gave us some more info first! I hope HMRC will be providing adequate helplines when/if it does come in and not automated phone lines, or lines that take ages to get through to.</p>
<p>Keep it simple please small businesses are often struggling as it is</p>
<p>I believe the whole scheme should be opposed by the profession. This is an unnecessary complication for many small businesses who already struggle to meet regulatory requirements even with the help of their advisor. Many accountancy practices, including the big 4 (and I worked for KPMG for 14 years), still have issues with clients supplying reasonable information annually, let alone 4/5 time a year.</p>

<p>What is behind the 'making tax digital' if the government want payment of tax earlier why not instate quarterly payments on about based on the previous year. This is a silly idea and I am very worried about my own livelihood. I'm already stretched at the moment I've tried taking someone one but the costs didn't match the benefit I got. I have around 120 clients about 20 are vat registered. This means 100 of my clients would be effected by the quarterly reporting. There is no way I can service all these client digital reporting needs. Clients would want their accountant / tax adviser to prepare the quarterly returns. If the clients were to do their own quarterly returns and accountants preparing the annual return there would be big discrepancies between the clients figures and their accountant's figures leading to more tax enquiries. It would be better if HMRC could state their objective and maybe we as the profession could advise them.</p>
<p>The biggest hurdle is going to be the software. We have not had sight of any software as yet for either uploading information/documents or making the quarterly reports or our agents access to the digital account. Really, HMRC should press on with getting this out so that agents/software providers can look at this and get a feel for what will be required to be done by us and by our clients. I think if we had a year or two where online reporting was voluntary rather than compulsory, then the software can be assessed and modified and everyone can get a chance to familiarise themselves with it.</p>
<p>Whilst HMRC headline is that they are removing self assessment, in truth by asking everyone to keep or approve a digital tax account they ae giving everyone a filing requirement.</p>
<p>A lot of people keep very good records using paper or spreadsheets. Using a computer package in itself does not make records more accurate.</p> <p>Whichever way you look at it having to report quarterly rather than yearly is an additional burden. Tax payers who want to have information more regularly can still prepare figures quarterly - but should not be forced to do so.</p> <p>Cash accounting is likely to give a more distorted view for a short period such as a quarter than it would for a longer period of a year. It may well throw up quarterly figures that are positively misleading.</p> <p>We try to get clients to keep their business transactions completely separate from their personal transactions. Mixing business liabilities such as PAYE and VAT with a personal liability for self assessment (and offsetting these liabilities/repayments is not helpful.</p> <p>What is the point of HMRC having details from banks of interest paid on a real time basis rather than annually? Interest on the account may be paid monthly or just once a year. The interim figures do not enable an estimate for the full year to be reliably made.</p>
<p>I am appalled by the speed with which this is being implemented and the lack of apparent understanding that the majority of small businesses use Excel, not bespoke accounting packages. In addition, we as accountants check and amend bookkeeping at the year end for a reason. The information provided quarterly will not have had the benefit of these checks so will be prone to error and misunderstanding.</p> <p>The whole system needs to be put on hold and HMRC needs to listen to the profession. This is a disaster waiting to happen!</p>
<p>given the internal controls businesses have in place I doubt whether the tax take will increase</p>
<p>I believe every effort must be made to build simplicity into the system - so a single threshold (i.e the VAT Registration threshold) should be applied - both to whether a business should be under Digital reporting or not, and to cash accounting</p>
<p>These proposals are so far reaching and will be nigh on impossible for most taxpayers to comply. I believe that more businesses will move into the black economy and tax takings will decrease. Other people will simply choose to no longer be self employed and with little jobs out there, will need to rely on benefits. MTD could be a good idea if it were introduced voluntarily. If other taxpayers could then see the benefits (if there are any!) they are then more likely to wish to comply.</p>

<p>It seems very much like an unnecessary & hardline approach to hard working businesses by politicians who insist on introducing a system without really appreciating the effects on the taxpayer. David Gauke said that he wants to take accountants out of the equation - the question must be why?</p>
<p>This is example of HMRC's obsession with computerisation , we know they would like to staff HMRC with 3 people and a dog but this simply will not work , you cannot seriously tell me that a taxi driver or a construction industry worker will be able to do this, the professional associations HAVE to oppose this!!!</p>
<p>HMRC should use the knowledge of agents to help implement MTD. HMRC have this resource available for free!!</p>
<p>The 9 months deadline will not suit a lot of practices as it will mean staff having to work over the Christmas and New Year period. Also, this is a holiday embedded in our society where lots of financial institutions simply close down for this period. Therefore, no information will be available.</p>
<p>It will be like opening a can of worms. Client's will make errors and submit them to HMRC and while the accountant corrects them, HMRC will be hounding the client for poor information. After all it takes many years to train as an accountant and tax adviser, yet the taxpayer is expected to know all of the rules before submitting their quarterly accounts. It will be a nightmare.</p>
<p>Pace of change far too fast. This system needs to be introduced slowly, trialled on a sample of taxpayers and gradually introduced over several years like RTI.</p>
<p>I can't see how this is going to help HMRC get better records. I think have the right figures once a year is better than having three lots of estimates and then in the final quarter the figures will be adjusted to agree with the accounts that may have been produced.</p>
<p>Expensive to business and will knock back small business.</p>
<p>I feel that this will ensure that errant clients comply and that this could be a golden opportunity for anyone who wishes it to be.</p>
<p>As is often the case with HMRC this is being rushed in with unnecessary haste. Have they not learned from RTI etc?</p>
<p>Their expectations of how this will pan out are, as usual, unrealistic.</p>
<p>Sadly, this is just another way of increasing the paperwork and compliance costs for small businesses. It assumes knowledge of and access to technology and internet access</p>
<p>Feel that MTD this is a huge step by HMRCand the timing is not right due to the compliance issues on employers/ business owners under auto enrolment currently.....think it is too much too soon.</p>
<p>I cannot see the benefits here. If the government want to collect tax sooner, then make taxpayers pay more frequently without actual filing of interim figures. Filing annually seem sufficient.</p>
<p>Very bad idea. Lets face it HMRC is in a complete disarray. Their service standards will undoubtedly suffer as a result. Certain clients will be extremely annoyed by the additional burden. Personally I have my work planned across year and these proposals will impact negatively 9n my work creating unexpected pressures when I already have planned work to do.</p>
<p>We act for a number of individuals and companies/trusts who are overseas. Agent authorisation needs to be easy for them otherwise they will simply not comply. Also I am deeply concerned that the IT will not be ready in time - this all seems to be being rushed through in too short a timescale.</p>
<p>NO THANKS SEND ME TO PRISON</p>
<p>Stupid idea</p>

<p>1) Time frame is completely unrealistic.</p> <p>2) Software companies are not ready for this transition based on the recent migration of IRIS clients to the 'Cloud' recently. One of the biggest providers in the Country have had a very poor transition and that was just to the 'Cloud' Proceed with extreme caution as there is a huge difference between what is hoped to be delivered and what is actually delivered in reality.</p> <p>3) Please get HMRC to reconsider the use of excel spread sheets. They do not have the prompts but they should not be discarded so lightly!</p> <p>4) Agent access to client accounts is critical</p> <p>5) Data Security is also a massive issue-how is this to be addressed. Most agent/accountants firewall will be woefully inadequate compared with HMRC who have the cross government department resources.</p> <p>6)Clear communication-distilling fact from fiction</p>
<p>The whole idea is frankly idiotic, there are already far too many deadlines and penalties. The professions and business representatives should just reject it. Why are we consulting about it, does anyone representing businesses think it is sensible??? Just say NO - BAD IDEA!!!</p>
<p>This has time consuming disaster written all over it.</p>
<p>IT literacy among most self employed clients is not high. They will not wish to acquire it, and will ask accountants to do this. Then there will be a problem with the additional fees.</p>
<p>it really is a useless idea and should be consigned to the waste bin</p>
<p>A pompostuous idea that has never been offered to those who are expected to operate it. The treatment of High Street Accountants by excluding their voice is divisive</p>
<p>I have concerns that HMRC software will be robust enough to cope with Making Tax Digital initially. All of their consultation docs suggest it will be easy for tax payers to use and accurate. However I have many years experience in tax and things always seem to go wrong or go astray with HMRC systems.</p>
<p>One more way of making life more difficult for small businesses and individuals. Some of my clients are barely literate and don't use computers.</p>
<p>MTD is too radical for a huge number of small businesses in the UK (which are supposed to be the lifeblood of our economy). I can see MTD, as proposed, being a deciding factor in people stopping trading and closing their business.</p>
<p>I think it is an unwelcome change to the admin of small businesses and landlords. It is a further example of HMRC trying to dictate how we administer our business records and will make all of our lives more deadline driven to no-ones advantage other than HMRC</p>
<p>For most of my clients it equates to a nightmare, that unfortunately won't go away.</p>
<p>My portfolio of accounts work consist of small sole traders, partnerships and close companies. Most are either using handwritten cash books or spreadsheets for record keeping. Whilst the latter should not be too difficult to adapt to digital reporting, the time scale provided is insufficient for such a major change. HMRC have very little knowledge of book-keeping as demonstrated in their previous initiatives on this subject and I have little confidence in their ability to manage such a change and even less confidence that they know what they are expecting taxpayers to take on board.</p>

<p>I support the move to providing a digital platform and digital services for clients to manage their tax affairs. BUT on an optional basis. Whilst a lot of new start ups and growing businesses are adept with using digital solutions to undertake business and reporting, and in fact actually seek and embrace such solutions, I feel the majority of businesses are not in this position and should be able to choose if they wish to move to using digital solutions. I also feel that like most moves by the government in recent years they do not undertake consultation at the right stage. It would have been better for the government to ask the question 'how do we go about getting the information from taxpayers and payment of tax in a more efficient, complete, accurate and timely manner' and ask the profession and taxpayers to comment on that first - rather than say 'this is what we are going to do, what do you think?' Taxpayers need to see benefits for them ref what is proposed, compared to how they are used to doing it, not just this is what we have to do because the government asks us to do it this way now - especially if there is no change in the end result - ie this is the tax I have to pay and this is when I need to pay it by.</p>
<p>N/A.</p>
<p>It's a disastrous idea</p>
<p>HMRC have an appalling record of implementing change. There are benefits, but it needs to be delayed and introduced with a view to encouraging taxpayers to adopt earlier.</p>
<p>I consider that perhaps it's being introduced in the wrong order. A large number of limited companies already use bookkeeping software it would therefore be an easier transition for them.</p> <p>Perhaps a staged introduction. There is a very high number of small businesses with a March year end. This will give an extremely high number of people filing quarterly updates in the very first quarter it is introduced.</p> <p>I also think it would be easier for the tax payer with business is their tax payment dates were brought in line with their filing requirements i.e tax payable 9 months post year end.</p>
<p>Will MTD changes be communicated to lenders, especially given the time taken to resolve the SA302 issue</p>
<p>I deal solely with a large partnership and the partners of that firm.</p> <p>There is no benefit to the firm of the partners of reporting the income and expenditure quarterly.</p> <p>The business is UK based and not exceptionally complex but the tax computation runs to 30 notes over 20 pages and then has to be allocated between 80 partners on the partnership return.</p> <p>How can any useful data be gathered on a quarterly basis without preparing a full set of financial statements and tax computation every three months?</p> <p>We have a budgeting process to calculate the tax due for the year so the in year calculations of tax due are not needed & are probably of little value as profits do to accrue evenly over the year.</p> <p>If basis periods and payment dates aren't changing who is gaining anything?</p>
<p>Small businesses should not be dragged into something that they don't understand (book keeping/accounts) and are happy to have an agent do for them. Agents will then have to sort out the mess at the end of the year. It is yet another policy being enforced by people that don't understand small business. Yes, most of my clients really do still write up cash books or just provide bank statements and receipts.</p>
<p>These changes are being rushed through if the Govt sticks to this timescale. This needs to be carefully considered piloted and done on a voluntary basis with incentives to start with after a robust pilot scheme</p>
<p>Suggest you look at the Accweb website. There are many comments and point there that CIOT needs to take up and include in their consultation response. Plus you need to tell people what you are doing - how you are helping. You will see from the site that no one knows</p>

<p>MTD would be better received, and would probably have a smoother implementation, if it was made voluntary for the first few years with incentive payments made for those who chose to sign up early.</p>
<p>Computerised software doesn't work in the smooth, glitch free way that HMRC's strategists seem to think. Can't we get them to shadow some accountants? 23% of businesses locally don't have access to PC or smartphone (and I'm in Cambridge). I really can't see these people learning to love computers overnight.</p>
<p>There is zero commentary on the impact upon non-residents, which is a massive proportion of our business. The commentary is astoundingly woolly with little concrete detail which can be shared with clients and very little upon which a tax practice can plan.</p>
<p>There is no justification for requiring all small businesses (ie below VAT thresh-hold) to keep computerised records and prepare quarterly data. Quarterly data is NOT required to calculate ANY tax liability (CT IT CGT VAT PAYE etc etc). The Government is trying to reduce accounting burdens on small businesses (micro company accounts etc) and yet here HMRC is hugely increasing this burden for ALL small businesses. Presumably the justification is that this data will help HMRC identify businesses who are not paying the correct tax, but what is the justification for burdening all businesses the vast majority of which pay the correct tax just to 'catch' the minority</p>
<p>Whilst I don't disagree with MTD I just feel it is being rushed in without enough thought of the practicalities of small businesses. HMRC have such a simplistic view of how this is going to work that I don't actually think they have any idea how businesses are run.</p>
<p>HMRC seem to overestimate the time that businesses allocate to their record keeping and underestimate the role of agents in ensuring that the accounts and Tax Returns are accurate.</p>
<p>secure email to be available with named individuals and teams within HMRC at all times in both directions - HMRC not to use web forms unless these can be downloaded and filled in by computer offline</p>
<p>This is the most pointless ridiculous idea ever done. HMRC allegedly won't look at what is being sent, clients and accountants will struggle to get things submitted and even more so to get the details correct quarterly. Total waste of time</p>
<p>Quite apart from the question why do HMRC think this is going to assist taxpayers and businesses, what purpose does it serve and why, considering the massive Government debt are we considering bringing spending public money at all on these proposals. The other ridiculous suggestion is to change the SA return to an Annual Declaration - why? Plus alter submission to 31st December, crazy as hardly anybody works now in the two weeks up to New Year.!</p>
<p>The 9 month period for finalising returns is going to be very difficult, meaning additional work is accelerated to 31 December rather than 31 January</p>
<p>I am really concerned that there will be less work for tax advisers and that HMRC are trying to encourage taxpayers not to use agents</p>
<p>I think that the whole proposal indicates the lack of understanding at HMRC into the level of support most clients receive from accountants to meet their existing filing obligations. The cost of increasing the number of filings will be significant, unless clients submit incorrect information mistakenly.</p>
<p>HMRC are once again over ambitious and this will turn into a nightmare if not phased in on a more realistic timeframe. The introduction of compulsory email correspondence should be considered.</p>
<p>It is inevitable but should not be mandatory until all 'beta' testing with real client information has been submitted without a problem</p>
<p>This is far too important to rush. HMRC need to ensure their systems are robust and secure before introducing the system. It is far too early to introduce draft legislation in Finance Bill 2017 to take effect April 2018. And HMRC need to fully appreciate that the vast majority of taxpayers will ask their accountants to help them - they will not do it themselves.</p>
<p>I am completely against the Revenue introducing a filing date of 9 months after the accounting period end for the final year end submission. The majority of our clients have a 31 March/5 April yearend which would bring our 'busiest period' forwards to around the Christmas holidays. This would have such a negative impact on my working life, and that of my colleagues, and I believe it is incredibly unlikely that clients would be in the right frame of mind around the Christmas holiday season to get all of their final records in for submission to Revenue & Customs.</p>

<p>I like the idea of MTD for employees/pension receivers but think this will be a nightmare workload and increasing red tape for practitioners and clients.</p>
<p>HMRC should be honest with taxpayers about the savings that they seek to make and the additional costs of obliging taxpayers to make multiple reports. Remember that there are still 10,000 plus pages of tax law that have to be complied with in making each of these disclosures. The whole plan should be postponed until UK tax law stands at 5,000 pages.</p>
<p>On the whole, this is definitely something that should be embraced. However there are concerns that the wrong taxpayers are being included first (small businesses rather than large) - larger businesses will likely already be in a position to comply, and test the systems ready for smaller businesses. The benefits have not been properly explained to taxpayers and it feels like a money-making exercise. As an agent, I am concerned that the detail of how this will all work seems a long way off.</p>
<p>Its bound to be a failure as its being introduced too quickly, without software developers being given enough time and without an understanding of how most taxpayers who use tax services of an accountant to interact with HMRC or their agent.</p>
<p>Clearly this is the direction of travel, but it all feels very rushed. Why start with the small end of businesses, which are surely the most likely to have trouble and lack of resources to adapt. It makes little sense to force small businesses in to digital reporting for income tax in 2018 but not VAT until 2019 - at least align the two. Apart from the testing and development of software etc (is there anything that currently works for something going live in 6 months time? Albeit on a trial basis) there is a massive education program necessary both by HMRC and the tax/accountancy profession. HMRC say they expect this to close the 'tax gap' of £7bn - is that really likely - people who make mistakes will still do so, those that don't engage with HMRC still won't. Some of the suggested simplifications are very welcome - although they don't necessarily need to be tied to digital reporting. Selling it as no more tax returns isn't helpful - it makes people think they don't need to tell HMRC anything. Reforming the penalty regime is also positive - HMRC seem not to understand that most taxpayers/customers just want to get their tax affairs right with the minimum fuss and effort and get on with their life - if they miss deadlines or make mistakes mostly they are accidental and for many just a polite warning is more than sufficient.</p>
<p>Is voluntary pay as you go the slippery slope to mandatory pay as you go in a few years time?</p>
<p>HMRC's consultation on this is very much to be welcomed - it needs all stakeholders actively involved to make it work.</p>
<p>If the auto-enrolment for pensions is anything to go by, the procedure for operating digital taxation will be a nightmare!</p>
<p>HMRC don't appear to have any real appreciation of the way most small businesses are run.</p>
<p>It's unfair and exclusive to too many people to make it compulsory. I have (not particularly old, eg 50) relatives who are not computer literate and will need to purchase computers and internet access just to access this, so it puts vastly unfair additional cost and worry on them</p>
<p>I think it is appalling that HMRC are insisting on taxpayers keeping records digitally and submitting information in this way when it is still not possible to carry out some of the simplest tasks online with HMRC. For example to change the address for an agent you have to ring one department and write to two of them. If you want a tax residency or clearance certificate you need to write to HMRC and wait at least 30 days.</p>
<p>The additional stress and burden on businesses is unnecessary and costly. Businesses are still trying to cope with auto-enrolment, national living wage and other changes all of which cause additional compliance and cost burdens, and this is just another kick in the teeth for them. My cynical opinion is that this is just a stepping stone to insisting on quarterly payments, and although they are currently saying that there won't be compliance checks on quarterly returns I am pretty sure this is sure to follow as they will introduce requirements for the accuracy of quarterly returns.</p>
<p>It makes sense.</p>
<p>It is a seismic change in tax administration at a time when HMRC is under-resourced.</p>
<p>Make it digital but have the final declaration submission and just bring in quarterly payments on account instead.</p>

<p>It's a nice idea in theory (like making all NHS records digital) but recent UK history is littered with failed government digital projects (NHS, Universal Credit, Agricultural subsidies, Child Support Agency) and I do not want to spend much of the rest of my life helping this one work</p>
<p>As mentioned above, I am seriously concerned about the impact these changes will have on my clients and also my practice. There are more than enough compliance requirements placed on individuals and businesses. This will be an extremely heavy burden on clients and practices who are already working under immense pressure to fulfil the obligations to HMRC. We will have four deadlines instead of one to work with and only the very large practices will have the resources to invest in these proposed changes.</p>
<p>If no mistakes were ever made by HMRC then MTD might be possible but with the current position of HMRC's computer systems (while better than they were) and level of errors (which is higher than HMRC would like to admit) then fine but as things currently stand let's fix what we have before finding new things to go wrong. This appears to be a case of more haste less speed and the potential problems are endless.</p>
<p>A lot of my clients are small businesses who would struggle to do their own book-keeping and pay me to use software and file the reports on a more regular basis. However the requirements of letting me have the info on a regular basis during the year could benefit a smaller number of my clients. If the reporting was only obligatory from the vat limits then it makes it easier on the clients who would have to be making the appropriate book-keeping entries anyway.</p>
<p>Taxpayers are not prepared for the changes and do not realise the consequences.</p>
<p>Setting up/Accessing personal tax accounts is not easy to someone with no experience of it and I feel HMRC are wrongly trying to exclude accountants/advisors</p>
<p>Don't see the point, self assessment is adequate for my clients and they all comply. Maybe needed for those who claim benefits.</p>
<p>Presently whilst agents have access to their clients SA accounts they cannot access clients digital accounts as agent. Problems are arising where HMRC are attempting to pay refunds only where digital accounts have been activated. I have a small but significant clientele where I VAT account simply receiving return information processing it and paying liabilities via my practice clients account simply because my clientele will never be digitally literate. Similarly I have a significant construction industry client for whom I monthly CIS account for over 200 subcontractors because they lack the accounting skills to cope...digital accounting is likely to be a major disaster for my clients and my practice.</p>
<p>Feel that the thresholds are too low, and that a more gentle phasing in will allow bugs and problems to be dealt with in a more progressive manner. For the elderly, those who are not IT savvy, and those that are in one of the many areas with slow broadband, the proposals are a significant worry. I fail to see the point in filing quarterly information - as HMRC will be doing little or nothing with the details filed.</p>
<p>This seems to be being rushed through, and I think will severely damage business - it will put a lot of people off - and what about people who don't report when they start - it could be too much to bring it all up to date if they have to report digitally</p>
<p>HMRC seems intent on attempting to by-pass agents who are the only people who can make the tax system work as has been proved with Self-Assessment .</p>
<p>It should be spread over far longer period - say 10 to 15 years, and start with most capable businesses first - ie large corporates.</p>
<p>All for MTD but compulsion is the wrong way - it will add burdens to small business; the idea that it will reduce burdens is ludicrous</p>
<p>In general, I think this is a good idea. However, it is likely to be the smaller unrepresented businesses that will struggle the most to comply, HMRC must make sure they have the resources in place to assist these people.</p>
<p>it should not be compulsory, it should be delayed, it should only apply to those with a turnover above the vat threshold, spreadsheets should be an acceptable form of record keeping</p>

<p>I do not believe that it will reduce errors or that it will help my clients by enabling them to see their upcoming tax liabilities. It adds nothing to the service they already receive, and will involve them in additional expense and time.</p>
<p>It is patently obvious that MTD is being brought in to save HMRC costs. They have closed all their offices and massively reduced their staff and now need to have information fed in digitally to them to make this arrangement work. It is a well accepted stat that for every £1 saved by HMRC, it costs the profession / taxpayer (the latter the ultimate bearer of the cost) £4. That is appalling.</p> <p>The HMRC stance that this will help close or breach the Tax Gap of £6.9b is fanciful. Errors will continue to be made - and that is by all. Digitalisation to date has not corrected HMRC errors - just look at RTI / SA. Digital data entry is still reliant on individuals - everything is not as automatic as HMRC thinks it is.</p> <p>The whole UK tax system would be totally unworkable for HMRC without the knowledge, input and goodwill of the profession (and their clients). HMRC are running a very serious risk here of alienating all of these and they should think long and hard before pressing ahead with all this. Personally, I will oppose it whole heartedly.</p>
<p>I feel strongly that quarterly reporting is a huge mistake and will place a massive burden on agents and taxpayers. This will not improve the quality of information HMRC receive or reduce errors. The reason HMRC get reasonable information from most taxpayers is because the agent assists and keeps an eye on what is going on, again I fail to understand why HMRC seem to want to discourage agent help! To get taxpayers to upload themselves will inevitably mean more errors and probably more lost tax revenue! The only area as above that would be helpful is a central portal for P60 and interest information for agents to access.</p>
<p>Digital should not be obligatory, sure encourage those who want to do so, but there are many who for a variety of reasons (technical, poor broadband, lack of capability, lack of accounting skills) will not be able to cope with it. ...</p>
<p>Systems should be made user friendly and enable information entered to be saved. It should be clear what information needs to be supplied.</p>
<p>I think, based on the consultation document, there will be a large number of people not complying with the regulations. There are no penalties or charges arising from filing nil quarterly submissions, or erroneous. I think given the 1 month deadline many people will struggle to meet this leading to this inevitable outcome. This should be at least 3 months. Furthermore the end of year declaration due within 9 months is well thought out. I don't like spending time with my family over the festive season, and I certainly don't want to see my children!</p> <p>I think, in many ways, the most alarming element to this is the timescale. We all know that the scripting of HMRC software systems is poor at best. We all remember the first P800's being issued to those registered for self-assessment, numerous incorrect amounts on coding notices and HMRC's fictitious third party information. So we have until April 2018 for HMRC's systems to be scripted, which in most likelihood will not work properly or be ready on time, and, software providers to then script their software to be compatible with HMRC's systems. I can appreciate the merits in moving towards this system, but it is all very rushed and is going to present numerous difficulties.</p>
<p>I like the direction of travel.</p> <p>I don't like the quarterly reporting for business profits. Without suitable incentives it brings more negatives than positives for both clients and practitioners.</p>
<p>Impossibly short deadline and too many variables involved, for example, the acquisition of the necessary IT and software, aligning tax and VAT periods, implementing new software (possibly with links to existing but 'old' software).</p>
<p>MTD is going to happen, no point in deferring. Similar to the outrage when SA was introduced, and everyone quickly adapted. There will be teething issues but they can be ironed out in time</p>
<p>information regarding agent authorisation for larger firms is scant</p>

<p>This is driven by HMRC false belief that there is a lot of missing tax and it can be solved by a form of RTI. The solution is expensive, complex, does not support the agent or support the business owner in making a success of their business. The best business are that way because they are administratively lean and focus on continuous improvement - Just like a sports people. Administrative obligations such as this based on false information from HMRC and tax bodies who are too quick to accept rather than challenge the apparently inevitable. Be brave ATT, take some control/ make choices and start to properly challenge this on behalf of our clients.</p> <p>Beyond records being adequate to determine tax liabilities, It is not HMRC job to tell business owners how they keep their records and what accounts should be prepared. It is not HMRC job to impose cost and time obligations upon them.</p>
<p>I believe that there the timeframe for the roll out is far too short bearing in mind that HMRC haven't finalised the details and hence many software companies haven't finished developing the required software. Also, many small business will still be dealing with the automatic enrolment rollout and the additional administrative burden which comes with that.</p>
<p>I am very concerned that the time scale is far too fast. I think it should be optional for a few years before it becomes compulsory, perhaps with some incentive provided to those who comply earlier maybe on a sliding scale</p>
<p>There are no proposed changes to taxation itself and content of quarterly information submissions is unclear. So the impact on a charity and its trading subsidiaries is limited to the possible extra reporting (as the group is ordinarily sheltered from tax by the charitable exemptions and the corporate Gift Aid model).</p> <p>The greatest difficulty would be any changes to the frequency of the existing annual VAT partial exemption calculations and Capital Goods Scheme adjustments.</p>
<p>1) Consultation documents are virtually silent on how they are going to engage with Agents - this makes us concerned that they are trying to push us out of the picture.</p> <p>2) The time-scale is unrealistic - forcing it upon unincorporated businesses first seems to me like a bad idea - I think they should start with VAT-Registered businesses as they have to make quarterly submissions anyway.</p> <p>3) The time-limits seem unreasonable - ie, 1 month from the quarter end to file your 'submission' - perhaps even one month and 7 days the align it with the VAT quarter.</p> <p>4) Time limits regarding the 'annual submission' - 9 months is not good enough. Majority of small businesses, and indeed many incorporated businesses have there year end as 31st March / 5th April, so 9 months means that everybody (including HMRC) are going to have a very busy Christmas - Why not keep it @ 10 months (ie 31st January)????</p> <p>5) I think HMRC are delusional with regards to peoples' basic levels of accountancy. Maybe that's the idea?</p>
<p>I know this is inevitable but my only hope is HMRC are prepared to listen to us - those at the 'coalface' so many times over the years they come up with ideas that are brought in too quickly.</p>
<p>It will create more red tape and an additional barrier to business start ups. More work for me though.</p>
<p>The timescale is far too ambitious. HMRC will not be able to get this too work successfully in the proposed timescales. The tax system needs simplification before they attempt this but there is no sign of that. One of the aims is for taxpayers to understand their affairs but the government makes the system too complicated. Need to remove the phase outs from the calculations, stop giving relief in terms of tax etc.</p>
<p>Why not make it optional for a lead in period of, say, three years prior to full implementation of the Making Tax Digital project.</p>

<p>For those who currently comply with their tax obligations by filing their tax return once a year MTD comes over as a very intrusive Big Brother is watching you approach which will take much more time and effort to field. For example, quarterly updates will need checking, something not previously required - and if they are not right then presumably that will be another thing to sort out. And dealing with nudges and prompts will again take time/drive interaction that isn't currently necessary. The question is this - for the currently compliant taxpayer, what exactly is in MTD for him/her?</p>
<p>Concerned about the speed of introduction given the lack of detail and no software available. No time to plan and judging by HMRC's past record (RTI) this could be a disaster if rushed. In principle I have no problem with their end game, but feel that it should be achieved with baby steps and simplified tax legislation.</p>
<p>The needs of the small practice have not been considered. Unless a zero hours contract can be negotiated you cannot justify taking on extra staff to meet the fluctuating workload. Existing staff will have increased pressure put upon them.</p>
<p>I can't understand what the declaration of unadjusted income and expenses figures (i.e no adjustment for stock, prepayments, accruals etc) will achieve for HMRC or how they intend to use the quarterly information for their benefit.</p>
<p>I do not think it is acceptable for digital reporting to be forced upon clients, and particularly quarterly reporting. For small business particularly it will be time consuming, onerous, expensive, complicated and scary. Many of my clients do not understand, and do not have the inclination to learn, about the figures behind their business. They know how much money they see coming in and going out and that is enough for them. They prefer to concentrate their time on running their business, and delegate the financials to their accountant. Why should they be forced into trying to learn basic accounting and date entry?! Surely economically it would be better for them to spend the time working in their business and growing the economy?! Many of my clients cannot use an excel spreadsheet, so to expect them to select accounting software and then learn how to use it beyond their digital capabilities. I am also concerned that the quarterly figures will prove to be so inaccurate, that they could give clients an indication of their tax liability which proves to be far from the final liability. Clients will not expect or understand why there is a large difference, and will not have budgeted for it.</p>
<p>We are a VAT practice. The consultation is lamentably vague on what MTD means for VAT and it feels as if it has been 'bolted on'. Do not understand why/how MTD will assist anyone with VAT obligations and appears to make them very much more complex. VAT traders already 'update' HMRC on a quarterly or monthly basis and those who have chosen annual accounting will have the benefit of that removed by MTD. Most VAT registered businesses will be using digital accounts: all MTD seems to do is add an obligation to use digital invoicing - with additional costs using software will give HMRC very little more additional information than the current VAT return. There is no mention of partly exempt traders - their VAT position is provisional until the end of the VAT year. Quarterly updates will not provide them or HMRC with any information benefit since their VAT bill is only decided at the end of the year. Expenditure may well be deductible for direct tax but not for VAT - it is not clear how MTD will deal with this. Most of our clients use digital accounts but those accounts cannot currently deal with partial exemption and it is normally necessary even in quite large businesses to calculate VAT liability using 'offline' spreadsheets and then post adjustments into the accounts afterwards. How do HMRC propose such businesses will report under MTD? Adjustments to capital expenditure for VAT will not tally with the accounting for such expenditure for direct tax. How will MTD deal with this? Much investment will need to be made with software suppliers in order for suitable products to be available within the very tight timeframes. MTD will require software /app products which address issues for all direct and indirect taxes. VAT and indirect taxes are already 'real time' and that means the products for these will be a difficult fit with direct tax based on end of year profits. There are software challenges, and we are unaware of any product that meets this need at present. A considerable amount of work will therefore be needed; for that reason the timeframe for MTD for VAT seems totally unrealistic.</p>
<p>Doesn't stand a chance of working unless the tax system is radically simplified, eg scrap NICs.</p>

<p>Low income earners, OAPs will have to engage with MTD and may just abandon any idea of advising HMRC of their small income from self-employment and lettings. What about people who are incapable of engaging with HMRC through MTD.</p>
<p>As a CTA I should find it easy to use. My clients will not, which is why they already use me. MTD will make them use me more, which is good for me but not for my clients. I assume it is good for HMRC as well, so it's just the taxpayer who pays.</p>
<p>However much HMRC tries to help, this is another load of red tape which business can well do without.</p>
<p>As I have said above it is the way the tax system should go but the speed of introduction and the compulsory nature will bring out the worse in people. I am 54 and contemplating retirement anyway but I feel sorry for the youngsters in the practice who have no idea where they fit in any more or whether their training is a waste of time. HMRC believe that they will catch dishonest people. Cash accounting however is so easy to fiddle that a child could do it and the same for digital accounts. Accountants ensure that clients only claim for what is allowable and ensure that all income is accounted for. When we are pushed out of the operation HMRC are going to have to go through a hell of a learning curve to recover the cash. When they do get their act together there will be a place for practices who just deal with tax enquiries as one assumes there will be substantially more than now. I just HMRC have the staff ready.</p>
<p>I strongly disagree with 'making tax digital', ie compulsory quarterly reporting for businesses and landlords where there is no requirement for information to be prepared or supplied to HMRC until their tax returns are completed, ie those that are not registered for VAT. In addition I disagree even more strongly with the requirement to report every transaction and therefore pay for software. Lots of business run their book-keeping very successfully for their purposes (and for the purposes of making profits and therefore paying tax) in paper format or on Excel. Some clients do not use computers. I strongly disagree that this should be forced upon them. In addition the information that will be provided to HMRC is likely to be very inaccurate. When we prepare accounts for clients, even if they have book-keepers, a lot of adjustments are required in order to turn the book-keeping records into accounts.</p>
<p>I am concerned HMRC will amend the rules further in the future and accelerate the collection of tax under the radar. The changes are badged up as digital tax but there is earlier payment of tax.</p>
<p>I feel the whole project is a waste of time and resources. If the aim is to work out who is entitled to Universal Tax Credit, why not limit the application to those wishing to claim?</p>
<p>Don't want it</p>
<p>I am concerned about the inclusion of landlords in the quarterly filing obligation. The vast majority have very little variation in their income and their expenses are fairly predictable. There seems to be little benefit in forcing landlords to provide information quarterly. Most are not business people in the conventional sense and many are elderly and are more likely to require assistance. Perhaps there could be a much higher threshold for landlords than for other businesses.</p>
<p>This survey has not mentioned 'voluntary' pay-as-you-go and despite the HMRC assertions as its suggested voluntary nature, it can be expected that it will become compulsory so safeguards should be considered at the outset in anticipation of HMRC moving to PAYG on a 3-month basis for those who are required to file reports quarterly</p>
<p>Please scrap it - it is madness when HMRC still have not got RTI working correctly and cannot process a 64-8 correctly - once they get these sorted then they should look at things.</p>
<p>I fail to see how MTD will reduce the tax gap if people do not engage with the tax system now why will they with MTD.</p>
<p>I find the changes unworkable for businesses, with no real benefit identified for to businesses, practice or the taxpayer. The timeline to implement the MTD is also unrealistic.</p>
<p>people go into business to make profit and provide employment not to take on the burden of endless red tape</p>
<p>Will add extra costs to businesses and many will not be compliant especially with quarterly reporting - just look at the problems small businesses are having with RTI</p>

<p>It is worrying as there are still problems with RTI filing and that's only PAYE. Not all software's work that well with HMRC system and their helpline is atrocious. If it's going to be the same experience as with RTI, then we are heading for difficult times.</p>
<p>Indications from a recent (well attended) Branch event were that less than 10% of members had read any of the ConDocs.</p>
<p>I simply don't trust HMRC to get it right either. I have an 85 year old client. 3 sources of income. HMRC told him no tax returns needed. 2 years later they told him he was underpaid £400. I did 2 tax returns - he got a tax refund of £260. If they can be £660 out on a tax liability on income of £16,000, why should we trust anything they say about the personal tax account?</p>
<p>The consultation document spent far too much time going on about how amazing it will be and not enough time explaining how exactly it will all work. This does not help the consultation process. The movement to Digital is also happening far too quickly. Elderly people will find it very hard to comply with and the burden on them is far too heavy.</p>
<p>It is all about making life easier for HMRC and not about making life easier for us and our clients. I cannot see what benefits this will bring to either our clients or HMRC apart from the fact that it will be another excuse for raising funds by charging taxpayers penalties for non compliance. The hardest hit will those under the VAT threshold who are not used to quarterly reporting. The Government and HMRC should concentrate on making the bigger companies pay tax rather than targeting smaller taxpayers.</p> <p>From a personal point of view I would like to see the introduction of this deferred from 2018 to 2020 to enable our clients to have more time to prepare and to enable me to retire and avoid the whole debacle.</p>
<p>While I can see the need for a digital future I believe the plans are rushed and being forced upon people. The majority of my clients are seniors and while they often do have computers they are not digitally agile and find the new proposals frightening. In addition most small business people whether trade or professional or landlord are often so busy doing the job that all they can manage is to put their receipts and invoices into a box or bag for their accountant or bookkeeper to sort out. These are not the people making huge errors who HMRC should be targeting. Despite HMRC assurances in one fell swoop they will be wiping out the livelihood of a huge number of smaller bookkeepers and tax advisors. It is difficult to see how the profession will continue to work with small business with HMRC current thinking on how the digital records will be uploaded (without agent input).HMRC say they do not envisage clients will give their paper records to an advisor to prepare for digital uploads. If we are to have no input at that stage errors will increase.</p>
<p>I do not understand the purpose of quarterly reporting if tax will continue to be calculated on an annual basis. A lot of my clients will be unable to keep satisfactory digital records without a great deal of help.</p>

<p>Hm gov seems to have no real appreciation of the small business world and the agony it is about to impose on top of RTI, pensions, etc</p> <p>HM gov seems to on a political 'trip' forcing this on already over self -regulated small businesses - just so</p> <p>some minister or Dept and make fatuous announcements about abolishing 'tax returns' - failing to mention they will be replaced by at least four or five other tax returns by another name !!!.</p> <p>If the objective is really to increase flow of tax receipts</p> <p>why not change existing payment regime only?</p> <p>If the objective is truly to make the tax system more efficient - spend the money on the tax office and get that working well + the existing system before 'dumping' digital tax on tax payers / advisers.</p> <p>Perhaps HMRC could agree no more significant changes until they can consistently just answer phone calls within 3 minutes and actually resolve the queries raised in an efficient and timely manner? Is this too much to ask/expect??</p> <p>And what of the 'poor' people who cannot even get decent broadband at present? OR, gov.forbid, do not want to use a computer?</p>
<p>Generally a good idea but like all recent moves from HMRC the full implication have not been evaluated, and what will happen is that this will pump up the black economy</p>
<p>There is far too much unknown about the whole process yet. The delays in issuing the consultation documents and the fact that HMRC cannot answer many questions about MTD at seminars and webinars is seriously worrying and I strongly believe it should be deferred for everyone by at least a year. How can we advise our clients when we do not yet know how it work ourselves or even who will be affected. It seems that agents are being denied access to client information and that taxpayers are to be forced to deal with much of the process themselves, regardless of their age or ability (and who will decide whether they are genuinely not capable of dealing with this?).</p>
<p>I think the Government is overestimating the IT abilities of the ordinary taxpayer and it could be expensive for taxpayers to comply with Making Tax Digital.</p>
<p>Looking at the state of the revenue and their inability to respond to queries in a reasonable time, plus the number of errors that have arisen over the last few years. Such errors being blamed on the IT systems but it appears that departments are not sharing information. It would be expected that forcing this quarterly reporting on all businesses would result in chaos.</p>
<p>A huge amount of work for both client and adviser, extra cost for client - and to achieve what?</p>
<p>Nice idea, but inevitably HMRC will mess up the implementation and accountants will have to speed lots of non chargeable time fixing it. I hope to be proved wrong...</p>
<p>There is a good % of clients who rely on the carrier bag record keeping system. They won't engage with the MTD process. The idea of MTD is a good one, but the technology is not good enough or cheap enough to make the system work. It is an additional burden on small businesses.</p>
<p>The continued pressure put on people to use digital methods of submission of tax information is placing an unfair burden on those who may have been able to manage a paper tax return but are either not connected to IT services, have difficulties using IT services or simply do not wish to be connected to IT services. It is removing the element of choice for taxpayers and reducing the help and assistance that was previously available to taxpayers through local tax offices for the more vulnerable members of society who cannot afford professional representation. I am not a luddite by any means, I do embrace technology, but I do not agree with change where it is to the detriment of large sectors of the population, reduces a persons choice of how they conduct their business/personal tax affairs and reduces the help available to them to meet the obligations imposed.</p>

<p>From an agents point of view I believe HMRC's argument that MTD will help clients establish their tax liability accurately ignores the fact that most tax payers already do. This burdensome revolution will not help clients in establishing tax liabilities any more accurately or eliminate 'bad news'. The current system of compliance checks should be extended if it believes tax payers are establishing tax liabilities inaccurately. HMRC should embrace technology in it's own house bring its operation up to speed to current developments. HMRC. Example - demanding the use of the postal service being in favour of email in this day and age is unacceptable. It seems to be one rule for us and another for HMRC.</p>
<p>The idea will only work if the software is reliable and in widespread use. At present that is about 10 years away for the majority of organisations and individuals</p>
<p>Starting with the smallest businesses is a crazy idea. It will mean that millions of small businesses with little or no expertise or experience will be using an untested system with all its faults and work-arounds.</p> <p>By contrast, Auto Enrolment started with the largest businesses and that has generally worked well.</p> <p>The time-scale is far too short and there needs to be - at the very least - a pilot scheme.</p> <p>I'm also very concerned about peaks and troughs in workload.</p>
<p>Turnover threshold of £10,000 is inappropriate. If that is the sole source of income, it is pointless submitting all expense details etc, as there is no tax to pay.</p>
<p>My clients' are viewing MTD as an unnecessary administrative burden. The majority of them do not maintain cashbooks or ledgers so to force them to become ' mini-accountants' and operate cloud based systems or accounting apps themselves is ludicrous. I believe that HMRC realise this but are ploughing ahead so that they can increase their revenue from enhanced penalties. HMRC already insist that taxpayers pay for tax upfront via SA, and taxpayers can already make in year payments of their tax liabilities to HMRC. So HMRC's tax revenue from tax payments will not increase hugely, so it the penalty aspect that they wish to exploit.</p>
<p>I think it will increase the administrative costs both to practices and clients will make the system difficult to use. The time limits to submit returns will also be difficult for clients who are well used to making one return and getting the details together in one go rather than 4 times a year. The penalties will be an issue also given the number of tax payers used to compiling and submitting tax returns in January!</p>
<p>I think that properly managed MTD could bring huge benefits to reducing the compliance burden, bringing the tax system into the 21st century and making good use of technology to improve compliance at a lower cost to HMRC. In the end I think it will reduce the burden on business and taxpayers although there might be some short to medium term transitional costs and issues. I think we should be supporting the vision but I also think HMRC need to engage more with the professions to make sure the vision can be sensibly achieved.</p>
<p>This is ridiculous idea once again being railroaded in by HMRC seemingly being ably assisted by professional bodies who should be strongly resisting this.</p>
<p>It's important that taxpayers agents are not marginalised by MTD</p>
<p>We strongly object to MTD as placing unnecessary and unwanted additional burdens on small businesses. Clients want to run their businesses and should be left alone to do so. The current system isn't broken so why attempt to fix it.</p>
<p>Re Q16: I think the most straightforward and logical threshold would be the annual Personal Allowance.</p>

<p>I received an IHT assessment today (13 September) demanding IHT tax of £70,852. I called Nottingham IHT office very worried as I had actually paid tax of £72,852 in February 2016, and was extremely relieved when they admitted their system showed receipt of £72,852 and they blamed clerical error on its omission from IHT assessment. As HMRC systems are too incompetent to allocate cheque receipts, even though they are on the system, HMRC should be told to drop Making Tax Digital. They should concentrate on the basics and stop being seduced by the fancy proposals of their present external IT providers who should be dismissed along with the main board of HMRC for incompetence.</p>
<p>Digital is good, quarterly is not. It should be optional and accountants must definitely be permitted to file. If accountants interface between HMRC and the taxpayers to encourage MTD it will work but gradually. Over time accountants would then get taxpayers on board as the benefits are felt.</p>
<p>It would place a heavy administrative and financial burden on our clients and on our practice, with little benefits to us. We are not sure how it would benefit the government or the taxpayers who are footing the bill for the system either.</p>
<p>The more automated tax becomes, the more undetected errors there will be. HMRC is supposed to be assisting taxpayers to pay the correct amount of tax, not a random amount.</p>
<p>MTD should not come with any penalties for periodic lapses. Penalties should only be issues as last resort for persistent default.</p>
<p>The Digital Tax Account is not much use. The information is not clear. There is no clear separation of liabilities and payment</p>
<p>Proposals re 'complex' businesses are yet to be released - there seems to be a serious lack of clarity around these types of businesses which is frustrating for agents who are being asked to advise these clients.</p>
<p>Self-Assessment works, why is there any need to change it. If the Government wants payments earlier then clients could pay on a monthly basis based on the previous year.</p>
<p>HMRC need to ensure they advertise this through all possible media and develop good relationships with these media providers to ensure clear, simple and apolitical information is provided to ensure everyone is aware, irrespective of whether they have a current requirement to comply.</p>
<p>This is a major change.</p>
<p>Initially tax payers should be encouraged and not forced to the new system.</p>
<p>The system needs to be fully tested, with volunteers, before it goes live for all</p>
<p>It's a terrible terrible terrible idea. It just shows you how OUT OF TOUCH governments are with small business.</p>
<p>This is another huge intrusion into normal life by people who assume that there is no limit to the amount of bureaucracy that can be imposed with impunity.</p>
<p>Overall I believe the results of the transition will be positive, but I fear businesses will be forced to make the transition before the appropriate infrastructure is in place and while the digital tools remain relatively untested. I think it is important for agents to be comfortable with the tools before clients are required to use them, as they will likely form a vital part of the education process.</p>
<p>It's a stupid idea</p>
<p>The govt seems to be ignoring accountants and agents in this proposed changes. Most people use an accountant because they are no good at figures. That's why agents should be able to act for clients in keeping the records and making the submissions.</p>
<p>Consideration should be given for rural areas with poor internet connection, and additional relief for business that have to pay to get improved connections.</p>
<p>If using PAYG POA should not be required</p>
<p>Overlap profits should be utilised on transition rather than cessation, as this will harmonise treatment of various businesses.</p>

<p>This is crazy. Enforced accounting on quarterly basis to a body that does not 'do' accounting is just madness. A whole tradition; a whole industry; a whole library of experience, rules and regulations gone in order to get money in your hands quicker. Why not do like annual accounting for VAT instead???</p>
<p>Would like to discuss this with people responsible for MTD to tell them how they expect ordinary very busy self employed people to find the time for this, as these people have no idea of how much effort it takes for a OMB for example to make a living without having this farcical MTD to think about. They do not want to do it, probably won't be able to do it, and have no time to do it. Just because they can order something on line from Argos does not make them computer literate, and they do not want to be!</p>
<p>My clients do not live in the digital age. Broadband and mobile phone coverage is poor and most of my clients do not make the type of profit to justify any expenditure other than the basics required in order to make a living.</p>
<p>Just scrap it!</p>
<p>The feeling of the whole project is coercive and essentially 'we' (Govt) don't trust 'you' (taxpayers, but especially agents), so we'll put more responsibility on you and make it progressively harder for you until you acquiesce to our will, then fine you for errors.</p> <p>When larger company tax and business in general is riddled with tax avoidance and evasion, its a bit hard to swallow.</p>
<p>I feel that the CIOT/ATT and all the other professional bodies should be making it clear to HMRC and the government that the imposition of MTD is wholly unacceptable. This is because if clients are compliant, be it through paper record keeping or basic spreadsheets etc, then I do not see why they should be forced to purchase digital software and learn how to use it to end up with the same result as they had previously.</p> <p>It is change for changes sake, or more to the point, a way of HMRC/Government shifting the cost of compliance away from them to the taxpayer/agent.</p> <p>It appears to me that HMRC/Government seem to have no real concept of what an accountant/tax adviser does in the real world below the Big 4/large firms. They do not seem to value what we do for our clients or, indeed, them in ensuring that clients' accounts and tax returns comply with the vast array of rules that govern them. They want all businesses just to take pictures of their invoices and send them to HMRC with no thought as to whether that particular expense or source of income is tax deductible or taxable.</p> <p>Third party software suppliers must be made to offer an all singing all dancing product to agents and taxpayers at an affordable price and HMRC's own 'free' offering must be fully functioning and work properly from day one.</p> <p>I am sure that for some practices this will be a good thing in that they will already be using Cloud or digital products and be able to 'scale up' their offering. However, as a 'one man band', I am really concerned with the impact this is going to have on my practice.</p>
<p>This is a major change to the tax reporting system which will lead to further changes in the future and is forcing major investment and expense not only on tax payers but also advisors and therefore more time should be given to implement.</p>
<p>HMRC has a great track record at messing things up by not being ready for the introduction of new systems etc. They should not roll this out until their systems are completely ready and full tested to ensure all information is accessible by both individuals and agents.</p>
<p>n/a</p>
<p>These reforms are far far far too ambitious</p>

<p>I AM TOTALLY AGAINST IT.</p> <p>CANNOT SEE ANY NEED FOR IT.</p> <p>THE SYSTEM WORKS FINE AS IT IS.</p> <p>I CAN SEE NO GAINS FOR HMRC, THE GOVERNMENT ETC.</p> <p>WILL MAKE MY LIFE IMMEASURABLY MORE DIFFICULT, MAY EVEN MAKE ME CONSIDER RETIRING.</p>
<p>It is being proposed by people who have little or no understanding of the uselessness of accounts for periods of less than a year in the case of seasonal businesses such as farming. Where stocks and or work in progress fluctuate quarterly figures mean nothing without a stocktake. This will involve more work, not less.</p>
<p>It will place a massive burden on the small business community and small accountancy practices</p>
<p>The way it has been rolled out so far has not overall been adviser-friendly and the promise of free software but with no provider(s) yet named is puzzling</p>
<p>HMRC should just drop this until they have the structure in place to make it work. It seems like a costly white elephant which isn't actually going to address what HMRC thinks the problem is, ie poor record keeping particularly by smaller unincorporated businesses. And if poor records are leading to the understatement of tax by some taxpayers, one can assume that HMRC are benefitting from overpayments by other taxpayers so the net effect on the Exchequer is minimal.</p>
<p>Banks can't issue certificates of tax deducted on time even now. NPS needs to talk to SA as it doesn't at the moment. Time will be needed to correct incorrect information. HMRC can't manage Class 2 NI let alone much else.</p>
<p>Should be called Making Tax Difficult</p>
<p>Whilst the idea of going digital is logical and probably the next step for tax this is far too quick, doesn't consider the vital role of agents at all and mandation of digital records is unpalatable. I don't believe the case has been made for digital records preventing mistakes it will in my opinion introduce new ones.</p>
<p>This is a consultation process that is rushed and driven by people with minimal understanding of tax or business - while it has improved since launch it was obviously rushed out without due care as the extent of the changes since make clear. Even now it is unclear why HMRC think this will benefit business or increase tax take as the BRC made clear that records keeping by business was adequate.</p>
<p>I don't think HMRC realise just how much work accountants do to get client's records into a suitable format annually never mind quarterly!</p>
<p>Many clients are older and have neither computer nor smartphones, nor the skills to use them. An aging business community is one of the UK's problems. We expect a number of our clients to retire as a result of this - with loss of business if they just close or loss of employment to their staff if business sold to larger concern.</p>
<p>It is the way forward.</p>
<p>It should be done gradually.</p>
<p>Should be optional not mandatory - if it an efficient, robust system people will use it like the on-line self assessment system</p>
<p>Coming in too quickly, no pilot scheme.</p>
<p>MTD is the way forward but it is being made mandatory to soon. It is a generational project, so there should be qualitative exemptions [ie age] and voluntary.</p>
<p>My DTA is particularly annoying as I set it up in the early days through Verify, and now it is not connected to my Government Gateway enabled SA account. This should have all been joined up since it's only 1 record!</p>
<p>I have some clients who move to and from the UK. I cannot see how they will enter and leave the MTD system at the appropriate times as there seems to be no mention of non residents. Some are missionaries in places with limited internet connections.</p>

<p>The additional accounting costs will be the last straw for many smaller clients who barely make a living.</p>
<p>This action is deplorable and places an burden on the old and people who have not and do not want a computer</p>
<p>Perhaps it should be made optional for 2 years before becoming compulsory. Any issues would then be identified before bringing all businesses within the strategy.</p>
<p>Trying to do too much at once. Get the third party information links sorted first and then move on. HMRC's software record is not good. eg just this year there are problems with the transferable marriage allowance and the class 2 NIC. Examples given on discussion papers are unrealistic. Just because someone uses an app on a phone does not mean they know how to capture information.</p>
<p>No comment at the moment.</p>
<p>Seems in part to be a return to 'assessments' and appeals that I understood SA was introduced to replace ...</p>
<p>HMRC have made registration of digital accounts voluntary, if they want people to use them they should be set up for everyone and provide access details by default</p>
<p>The transition to self-assessment was successful because it was phased in over a number of years and workshops were provided, run by experienced tax inspectors. Also, help was available at the end of a telephone line free of pre-recorded messages. We have none of this now. If agents and taxpayers are not properly informed/trained then the whole project is most likely to fail. Also, firms may have difficulty in recruiting suitable staff in sufficient numbers to cope, there are only so many decent candidates out there! The ability for managers to monitor the quality of output may also be an issue owing to time constraints!</p>
<p>If MTD is proceeding my concern would be the additional layer of penalty regime that clients will face for failing to comply or pay the interim tax on time. Also for small business this can be a drain on cash, particularly as they are used to paying tax either twice a year if on SA or 9 months after the year if a LTD. This is potentially bringing forward payments earlier for which they have not have the cash!</p>
<p>A good idea in theory but many problems in practice. HMRC convinced it will cause more tax to be paid but I think it will identify more costs.</p>
<p>Except for quarterly filing, broadly this is evolution, but not a revolution as it is not too dissimilar to where we are now. Quarterly filing is the exception as this will add to costs if an agent is engaged. If the taxpayer files, the submission will be incorrect in most cases (I can provide examples) resulting in an incorrect estimate of tax. Either way, this will add to the burden of running a small business with no benefit. My clients are capable of estimating tax throughout the year (some with my help) and to suggest quarterly filing will be a net benefit is wrong. Quarterly filing should be optional for those who believe it will help them.</p>
<p>Do the government live in the real world? Do they know how difficult it can be to achieve simple tasks with HMRC when it comes to IT related matters. MTD sounds good in theory but the way in which agents fit into this seems unclear. Surely, dealing with one or two aspects at a time is the way to introduce this. The fact that 6 consultation documents have been issued at once is indicative of having bitten off more than they will be able to chew in due course. The idea of asking for voluntary 'pay as you go' tax payments sets a dangerous precedent. Tax should be due when the law says its due. There need to be assurances that voluntary won't become compulsory.</p>
<p>This has been sold as a way of getting rid of returns but it isn't. It is being used to shorten deadlines and impose more onerous obligations on the public.</p>

Whilst I support some aspects of MTD such as pre population of P60 information onto clients tax return (or the future MTD version of the tax return) so that taxpayers are not obliged to provide HMRC with information they have already, I am very concerned about the increased level of administration that the proposals will place on businesses and landlords. We have many clients who do not even use computerised spreadsheets for record keeping at present and it seems inconceivable that they will start to use a smart phone just so that they can meet HMRC's MTD requirements.

I am also concerned about the risk of errors at HMRC's end. For example we have seen numerous HMRC errors relating to RTI which are still occurring. How can taxpayers be confident that MTD will be any different?

If HMRC are relying on 3rd party data, where does the balance of responsibility lie if that information is incorrect? Who will be responsible for rectifying the position and how quickly will they have to do this? Would the taxpayer be at risk of a penalty? For example, I have encountered lettings agents schedules that are inaccurate on numerous occasions.

A total disaster for HMCR and the profession looming!!!

Far too rushed and mandation is ridiculous and I'm not sure its in line with Carter. In my opinion the software should be fully formulated and available for use by clients/agents for at least two years before digital reporting starts.

Well, where do we start! Some random points:

It's trying to shoehorn an annual system into quarters - it does not work. They need to change the tax system first.

It ignores the more complex. I am not surprised - what is the point of a company in QIPs being in it? They don't have the answers.

It ignores (almost completely) agents - many of our clients are non-doms - so will a sultan in the Middle East log onto gov.uk and authorise us? Not a hope in hell.

Compliance data should be published to agents as well as software companies.

Make it all voluntary for a few years and see if it works for all.

Tax simplification may help. Cut away swathes of complex rules for smaller businesses and exempt the larger ones as HMRC know what they do anyway.

Just say (with good reason) what records you want people to retain and up penalties if their return is wrong and they did not keep them - avoid then 1/4ly submissions - they won't be much use to anyone paying much tax.

Including large partnerships is pointless - the quarterly profit cannot be allocated to partners as in most cases bonuses depending upon activity is done on an annual basis.

How will you get a statement of mortgage interest paid or payable for each 1/4 in time to do a rental income submission. They usually take months to arrive.

I'm appalled at the sheer insanity to starting this in the way HMRC are operating, making the scheme up as they go along and expecting the real world to take on yet another administrative burden for no benefit...

It will take very much longer and cost us all very much more than HMRC are claiming. They have said nothing about how they are going to include the other 35+ tax and excise regimes that will need to be included but probably cannot due to law incompatibilities that HMRC will not be sorting out.

In principle I believe it is the way forward if properly structured in terms of what is reported and checks are made by HMRC on the accuracy. But I am concerned HMRC do not have the resources to do this and I foresee a loss of revenue, like scrapping the tax disc. I am not a fan of dumbing down business owners responsibilities for accountability.

<p>I agree with the concept - the 'tax year' is an outdated anachronism. However quarterly reporting is of course the first step to quarterly payments.</p>
<p>MTD will spell the end of many small practices because effectively we would be doing full-time bookkeeping, chasing clients four times a year, spending much more time on each for which clients would be reluctant to pay, and having no free time. Change is inevitable, but realistically it is the end of the small practice, or at least for most sole practitioners.</p>
<p>I resent MTD being compulsory at the outset. It'll mean large numbers of people having to struggle with an untried system, and risking being penalised, when they're already fully compliant and making adequate returns. The government should have the system used initially by volunteers, drawn in by incentives.</p>
<p>I think it will be inevitable and I am glad that CIOT and other professional bodies are engaging with HMRC to make it as workable as possible.</p>
<p>I do not believe this is necessary for small businesses and like the false promises for the RTI scheme will increase and costs on small and micro businesses for no real benefit to anyone.</p>
<p>A substantial number of self employed small businesses are barely able to prepare any meaningful records in a manual format and neither have or are competent to utilise computers</p>
<p>It seems to me to be a policy to drive the really small business (turnover < £100K and/or < 5 employees, usually part-time) to cease trading!</p>
<p>I cannot see the benefit of having to carry out what will be additional compliance work which will involve clients in additional work and costs. Clients have enough compliance work without adding to their burden and this will take them away from their real work of making profit.</p> <p>The disruption will also have a negative impact on their businesses.</p> <p>It is my firm view that HMRC real reason for introducing the system is to move tax payers onto quarterly payments. This could be done by just changing the current payment system without increasing the admin burden.</p> <p>The idea that the majority of tax payers will derive any benefit from being able to deal with their tax affairs digitally is ill-conceived. Most tax payers appreciate that they are not capable or have no desire to deal with their own affairs and rely on their advisors to deal with this type of work.</p>
<p>I believe that making tax digital compulsory instead of voluntary so that people who believe that it will be beneficial for them to report their tax affairs digitally will have a significant detrimental effect on businesses that are currently fully compliant with their tax obligations by not using digital or computerised records but they keep adequate records which their taxable income can be fully established and accurately disclosed and those who have a professional adviser who scrutinises their records and discloses to the relevant authorities the required information so I consider that making tax digital compulsory to reduce any disclosure errors by the clients as stated by HMRC to be untrue based on my clients' experience. I consider this policy will have an indirect effect of bypassing the professional advisers and the HMRC to have direct dealings with the clients.</p>
<p>As an optional service it is a very sensible forward looking process. Better if it stays optional possibly with a small incentive - not everyone likes or is comfortable with electronic services and many worry about security. Exemptions discriminate against the majority so the only way to avoid that is non-compulsory methods.</p>
<p>I have a lot of clients who are not domiciled and either claiming the remittance basis or reporting foreign income and gains on the arising basis. Many of these clients own properties overseas which they rent and pay local income tax on the profits. It is hard enough obtaining the information on an annual basis let alone quarterly, compounded by the fact the UK has a different tax year to everywhere else. At this stage it is difficult to see how the self assessment tax return can be abolished for individuals with substantial overseas income and assets. As this information is not directly reported to HMRC they are reliant on taxpayers and their agents returning this information on the annual self assessment tax return. With different tax years, translation and interpretation issues I believe that HMRC's plans for abolishing the self assessment tax return for this group of taxpayers is without more detail and explanation extremely ambitious.</p>

I think the whole idea hasn't been thought through properly and will not benefit businesses and should be scrapped
MTD appears a burdensome imposition on business solely to suit HMRC rather than being of any pro-business facilitation
Not convinced Making Tax Digital will improve record keeping and accuracy.
This is a push to save costs for HMRC, not to assist the taxpayers. HMRC's job is to collect the tax, punish the evaders and assist those who are or try to be compliant. It is not to try to make the entire system automatic so they don't have to pay staff to talk to the public.
The information contained in my own digital tax account was spurious. How can we trust anything? Where clients file their own quarterly information, sadly most of it will be inaccurate. HMRC are not helping by saying that clients don't need an accountant. Some don't, but most do to avoid inaccuracies. The costs are going to push clients away from accountants for the majority.
There is a passion to use technology with dubious robustness and an assumption of a standard of IT knowledge on the part of the taxpayer. There are still many generations of taxpayer that did not have computer studies at school and those that I have seen use IT technology are not as good as they think they are.
I believe the MTD is a good proposal, but the time scale for introduction of this major Government IT project is too tight. A large number of small businesses will require professional assistance in meeting the new obligations, particularly in setting up accounting packages and being trained to use them properly. If the accounting packages are not set up properly the potential benefits will be lost with greater inaccuracy in the accounting records.
Ludicrous, draconian, idiotic, offensive, impractical and expensive are a few of the adjectives which come to mind. I really doubt they will help anyone including the Exchequer
What will happen to sa302 figures for mortgage applications and student grant figures
Government and HMRC have failed to appreciate impact on smaller businesses, the elderly and those who are not IT literate. Also the impact on smaller tax and accountancy practices has not been considered. At present I fear it will force me out of business.
A good idea in principle, but the rationale for and benefits of quarterly reporting are massively overstated. For all but a very few businesses annual reporting would be more than adequate. Almost no taxpayers are interested in the supposed benefits of having 'updated estimates of tax liabilities'
HMRC need to cater for non IT literate tax payers -elderly, etc.
Quarterly reporting is my biggest objection. It can be difficult enough to get papers from people once a year and now it will be 4 times.
My biggest problem with this is that I think HMRC are being disingenuous about why they are doing this. No free software? Of course not, as they do not want to have to manage that process. There are inevitably going to be additional costs and the professional are cynical about the extent to which they will be able to recover those costs from their clients. I just feel very uneasy about the whole process.
Will you be contacting all individuals/businesses to instruct them on this? Free software should be easy to access - perhaps from the digital tax account

<p>with the change in PM and Chancellor since MTD was first mooted, the current incumbents being 15 years more worldly wise may not share the same enthusiasm to proceed at the same breakneck if not reckless, speed as their predecessors.</p>
<p>I am not at all against electronic filing as I readily do so for SA, CT VAT and CIS. However I struggle to see the value of MTD with its requirement of 4 returns plus end of year return 9 months post fourth quarter as that makes it virtually equate to the current annual Return.</p>
<p>I have read HMRC commentary (Ms Middleton April 2016 Tax Adviser) mentioning a tax gap and an annual decrease in costs of £ 400 million. What planet do HMRC inhabit.</p>
<p>I wholly support to comments of Mr Thomas (Tax Adviser June 2016) and Mr Abbott (Tax Adviser April 2016) in that there are serious concerns as to the value of such a concept and the rationale of such HMRC information and reasoning as well as the speed of HMRC desired implementation.</p>
<p>I do not consider that MTD should be obligatory, and if it is to be so then it should only be done after a proven trial period ironing out the teething troubles with the system being used by those who are ready to use it voluntarily</p>
<p>This is too much, too soon. Why start with the minnows? Start with VAT registered business first and cascade down.</p>
<p>Unless I misunderstand the process considerably, this seems to be a most unwelcome and burdensome load applied to small one man businesses, with no benefits to them, and considerable inconvenience and stress, for only marginal gains in HMRC processing efficiency. Better to drop the entire exercise, or exempt many more small and reluctant tradesmen.</p>
<p>I would very much like to know what use HMRC think they can make of the data gathered.</p>
<p>I can see no use for quarterly reports of income that will not tie into the final tax liability. Unless and until HMRC can provide a reason why they should be provided, what they will be used for, and what good they will do, there should be no obligation to provide the information.</p>
<p>At present it feels as though HMRC simply consider that information is a good thing in its own right, and they can work out what to do with it later. I strongly object to taxpayers being subjected to any burden which does not give rise to a direct and identifiable benefit for Government.</p>
<p>A lot more education is required particularly as far as the general public is concerned</p>
<p>I'm against forcing businesses to do something they don't want to do. They've enough to comply with already without more new admin , with penalties</p>
<p>Needs much longer time for HMRC to get their systems up to speed. Please delay implementation.</p>
<p>Excellent idea, but we should continue with annual reporting. Quarterly reporting would create far too much work and increase costs.</p>
<p>There seems to be no reason at all why HMRC need quarterly updates and they have not given any meaningful comment on this. They do not seem to be able to grasp the fact that very many sole traders and landlords in particular just cannot cope with technology, don't want to, and don't see why they should be forced to. This is often why they use an agent.</p>
<p>We need more information on how this is going to be achieved. Perhaps HMRC could provide us with a demonstration/video or set up countryside seminars for us to attend and see what they have in mind and how they see it all coming together.</p>
<p>Needs careful thought. If it is made mandatory people will resist. Break people in gently.</p>

<p>I have seen the Inland Revenue (as was!), a respected and efficient institution turn into the inefficient shambles, that is HMRC, due apparently to constant cost-cutting and poor management. This appears to be more of the same (ie we are spending £1.3bn, so taxpayers (not customers) have to sign up for it and btw agents can sod off!) and the timescale seems to be based on technology that doesn't yet exist! Unless the tax legislation is simplified and substantial numbers of taxpayers move to digital, I think this will fail. The consultation documentation refers to various surveys, etc to support various claims (ie substantial numbers are using the cash basis), but the raw data is not provided as Appendices to the documents, so leaving Freedom of Information requests the only option for obtaining the details. In addition, I wonder if exemptions will be provided for MPs and judges, as under the SA system for security reasons. If so, this is unacceptable, as if the system is not secure for certain categories of taxpayers, this must apply to ALL taxpayers. It is not good enough by any means!</p>
<p>A forward looking project that should eventually be good news for all, however the timeframe is too short and much consultation is needed. Likely to be chaos for many years and general loss of goodwill which will eliminate many of the possible gains.</p>
<p>Although I have accessed my own DTA, I am familiar with computers, tax, accounts, numbers, form filling etc. Clients are not, and do not want to do this, are incapable / illiterate, are unfamiliar with technology etc. I see a considerable number of clients who visibly relax in front of me once they have handed over their books and papers. They do not want the worry or pressure to do it themselves, they want me to prepare their accounts and file the return because I do this all day, every day. Agents need full access to clients DTA if this is to work at all.</p>
<p>Large additional burden on clients and advisers</p>
<p>I think the biggest concern is the security inherent in using third party software - which does not seem to be a significant consideration for HMRC based on the condocs. Those moving from paper have to entrust all their personal and client data to a third party software provider - how safe and secure is that???? HMRC may have very high levels of security but what about the actual providers of the digital record keeping software???</p>
<p>It will mean that small business will close down and will have a depressing effect on the economy.</p>
<p>With no compulsion to pay tax early, and without this giving HMRC access to transactional level data which they could have used for enquiries, I do not see what benefits the project will bring for HMRC, and I expect it to increase mistakes by reducing the number of represented taxpayers. It will certainly only result in costs and burdens for taxpayers themselves. I do not understand why HMRC will impose such a cost burden on both themselves and taxpayers for no benefit. If it is to be introduced, it should be voluntary for those who do want to pay their tax as they go along, or compulsory only for Universal Credits claimants, where presumably the data will be of some benefit.</p>
<p>Disappointing that the consultation does not touch on agents role. Also HMRC seem to over estimate clients understanding of the tax system or not appreciate themselves the role of the agents in making sure that submissions are correct.</p>
<p>What do HMRC hope to achieve. I think it is going to increase the black economy</p>
<p>It will be completely unworkable for the majority of the small businesses I deal with as it will distract them from running their businesses. It will also have little or no value to them in understanding their financial position.</p>
<p>Great idea - have doubts that it will be implemented properly and the penalties will doubtless be disproportional to errors or mistakes. Are HMRC geared and capable? The help lines are not as they are named a lot of the time, if you can even speak to someone.</p>
<p>would make sense to start with bigger business who are more clued up about record keeping to break the system in then filter down to smaller ones</p>
<p>Once again there is going to be a huge extra burden and expense placed on the self employed in order to save the government money. What happened to cutting red tape for small business?</p>
<p>This is placing an unnecessary burden on small businesses. It is ok for large businesses with finance departments but most business owners struggle with keeping the simplest form of record keeping before being let loose on a computer program. I don't think there is any understanding from HMRC and the politicians what huge impacts this will have on small businesses.</p>

<p>Making it compulsory is unacceptable, shades of 1984's 'big brother'</p>
<p>VAT has been 'shoe-horned' into the Making Tax Digital strategy. This is evident for a number of reasons including the language of the con docs, the continual references to 'annual tax returns' that don't exist for VAT and the introduction of VAT measures on 6th April. There will barely be any businesses who have a VAT accounting period that starts on the 6th of any month.</p>
<p>I can see the sense of trying to assist micro-businesses with the cash basis. How does it really help larger businesses to quarterly file? They will not have a final taxable result until end of year adjustments to stock/ WIP / Debtors etc is made.</p>
<p>BRING IT ON - WE ARE READY TO EMBRACE CHANGE</p>
<p>Given HMRC's failure to implement any significant IT change successfully and on budget why will this be any different. The following definition of insanity seems highly relevant: doing the same thing over and over again and expecting different results.</p>
<p>Having had over 30 years in both HMRC and the profession the one thing that can be guaranteed is that this will be over budget, not be delivered on time and will not have the promised functionality.</p>
<p>I have no objection to MTD per se, but I don't agree that there is a need for quarterly reporting to HMRC. I see no benefits to either HMRC, taxpayers or accountants. HMRC have stated that the advantages of quarterly reporting are that taxpayers want to know their tax liabilities sooner and that it will cut down on errors. I fundamentally disagree with both elements. If my clients wanted to know their liabilities sooner I wouldn't need to endlessly badger them to bring their records in! I also don't see why HMRC anticipate a reduction of errors. Railroading taxpayers into using digital records when they are not used to them will surely create more errors. Statistically, reporting quarterly rather than annually could easily create four times as many errors.</p>
<p>Frankly I do not trust HMRC to hold the correct information for clients. There is no proper link up with PAYE and SA and NIC records. So I have come across clients receiving refunds under PAYE which are not due as they submit Tax Returns, but the right box was not ticked on their systems. We then, have to correct HMRC's mistake and tried to explain to the client that the refund was not due and they have to pay it back. The same with NIC. A business ceased trading but the information on the tax return is not passed on to NIC and we struggle to get repayment of excess NIC paid.</p>
<p>As for the help line and the new web site. It is really difficult to access detailed information. Most guides accessible on line to the general public are far too simplistic and can lead to misunderstanding and errors being made.</p>
<p>The transfer of the marriage allowance is the latest fiasco which I have come across</p>
<p>I disagree with MTD being mandatory.</p>
<p>HMRC should provide the basic software that taxpayers can use to comply with their requirements</p>
<p>Clear provision needs to be made to exempt vulnerable taxpayers from this system, particularly those with mental health issues.</p>
<p>I am a sole practitioner with around 140 clients and am genuinely concerned about the impact that this is going to have on my smaller self-employed clients. The CIS subbies, electricians, mobile hairdressers, surveyors, residential landlords that all regard paperwork as an impossible chore - even once a year! I am planning to sub-contract out a troop of bookkeepers for these clients to help them with quarterly reporting but there will inevitably be extra cost and work involved which none of us can afford....And for what benefit? HMRC will have four times as many returns to process and clients will have an unwanted and unnecessary reporting burden. Clients can already pay their tax on account if they so wish and as far as I can tell, quarterly payments aren't compulsory under current MTD rules.</p>
<p>MTD puts a massive and unnecessary burden on small businesses. It is invasive and it will cause anxiety to thousands of business who will be terrified of making honest mistakes. They will have to engage an accountant or employ an appropriately experienced bookkeeper to help them at great cost. I really think it is not needed and is unfair.</p>
<p>I have looked at my digital account, but found nothing useful</p>

<p>I think the whole thing is ridiculous and should be scrapped for business. Other than reducing HMRC's costs and workloads by passing them on to taxpayers and the profession no-one will gain. I do however see the benefits for those under PAYE and where 'pre-loaded' information will be useful.</p>
<p>I cannot see the business case for Making Tax Digital. Do not under estimate the vital role of agents play in helping small businesses meet their tax obligations. If MTD is imposed then to make it work agents will be key and this will increase costs to businesses. If HMRC try to sideline agents then the system of collecting tax from small business in the UK will fall apart with a subsequent fall in the tax take.</p>
<p>HMRC assumes that most clients have computer access and know-how. The vast majority of my clients have no interest whatsoever in computers, digital filing or additional book-keeping. Most clients are VAT registered and keep quarterly records but typically they don't/can't file their own VAT returns - we do this for them or perhaps a family friend The clients who aren't VAT registered find it challenging to provide annual book-keeping records. MTD filings by clients will be largely incomplete and incorrect. As accountants we can do this work for them but I am concerned about how we would have time to do this as it is an annual problem at the minute.</p>
<p>HMRC needs a massive investment to make this work. The Governments 'extra' £1.3 billion and 800 staff just simply isn't enough to make this work for the millions of taxpayers involved. Think! If £20 Billion can be wasted on HS2 then further money needs to be spent on MTD resources to make it the 'world leader' the Government claims it wants.</p>
<p>I think this is rushed and a recipe for disaster for ALL concerned. HMRC's record with RTI shows that even now the system doesn't work properly in certain areas - we see this all the time at the sharp end. Those involved in making the decisions re MTD would do well to work in a small general practice and see how these work and the clients we deal with. They'd then know how much of what they say is nonsense. I can see some merits and I can see a very small minority being able to cope with this but the vast majority will have problems or not want to know and it is us, already overworked and stressed, agents who will have to pick up the pieces. We are unappreciated by HMRC yet without us their existing systems and tax take would collapse....MTD will make this even worse yet, as I see it, our concerns are generally ignored.</p>
<p>DRIVEN BY IDIOTS OUT OF TOUCH WITH REALITY</p>
<p>This is too big brother. Many do not wish to be digital. Doing the same job 4 times rather than once is a huge waste of resource that UK plc cannot afford. If HM Treasury need the cashflow then simply move to quarterly payments on account. The whole idea is simply misconceived in an attempt to appear cutting edge. There is a place for digital and there are those who will be able to make great use of it, but mandatory imposition in this clumsy manner is plain wrong.</p>
<p>HMRC are totally blind to the burden on our smallest businesses.</p> <p>Just because people use Facebook, they don't want to do their accounts on their phone!</p> <p>Apps won't make carpenters into accountants, the fine print escapes many professionals so how with the public be expected to know the finer point of tax law</p>
<p>This will incur more time and costs for everyone and the quarterly reports will be inaccurate and so meaningless</p>
<p>Understand the rationale behind the changes but seriously doubt if HMRC will have the resources in place to handle this major change</p>
<p>We need to fight the corner of micro-businesses, and of those advising them. The process is wholly inappropriate and impractical for everyone from taxi drivers to surgeons with private fees.</p>
<p>My clients will not pay the additional fees</p>
<p>The Government should introduce this on a voluntary basis and encourage people to use it and not force them to use it. Self employed business owners are getting fed up with rules shoved on them such as RTI workplace pension etc. Many of whom have decided to finish self employment and to look for employment ie no headaches</p>

I asked my staff, of those using proper accounts software, how many do we need to make adjustments to? Answer - 99% and the vast majority have a significant number of adjustments. These are not just standard year-end items but corrections of duplicated, omitted and incorrectly posted entries. I see the only way forward being to allow them to post nonsense quarterly payments to keep HMRC happy, not pay their tax quarterly but then have an annual submission as before. I cannot see it being manageable any other way based on the info received.

Cash accounting may make compliance easier but with the huge variations in cash flow for many clients, there will be many unforeseen problems. Everything I ever learned about preparing accounts that are accurate and meaningful has been thrown out of the window by these proposals.

I strongly object to them as do most of the professionals that I speak to.

If clients prepare their own digital accounts I can see them making errors, claiming things that are not allowable and also perhaps not claiming everything they should. It will put an added burden on many clients who wouldn't want to use it and cost them more in accountancy fees.

THERE APPEARS TO BE A FUNDAMENTAL FLAW IN MAKING BUSINESS RETURNS SIMILAR TO CORPORATION TAX RETURNS. INDIVIDUALS IN PARTICULAR WILL STILL BE TAXED ON A TAX YEAR BASIS, NOT BY REFERENCE TO ACCOUNTING PERIODS. THE RATE OF TAX WILL DEPEND ON THEIR TOTAL INCOME FOR THE TAX YEAR. HAVING TO PREPARE ACCOUNTS STRADDLING A TAX YEAR AND THEN APPORTION BACK PART TO A TAX YEAR WILL MAKE IT IN SOME CASES IMPOSSIBLE TO ASCERTAIN TOTAL INCOME FOR THE YEAR BEFORE THE SELF-ASSESSMENT RETURN IS DUE. IN OTHER CASES, IT WILL MAKE IT VERY DIFFICULT. IN ALL CASES, DECISIONS ON EXPENDITURE QUALIFYING FOR TAX RELIEF WILL BE MORE DIFFICULT, IF NOT IMPOSSIBLE, TO MAKE AS THE EXPENDITURE MUST BE INCURRED AT A TIME WHEN THE TOTAL INCOME FOR THE YEAR CANNOT BE KNOWN.

THAT IS WHY WE CURRENTLY TAX ACCORDING TO BASIS PERIODS. WHILE THAT ADMITTEDLY MEANS ONE HAS THE SMALL COMPLICATION OF OVERLAP RELIEF, THAT IS AS NOTHING COMPARED WITH THE NEW COMPLICATIONS. THE BASIS PERIOD SYSTEM IS INFINITELY PREFERABLE. IT WOULD BE POSSIBLE TO HAVE DIGITAL REPORTING WHILE KEEPING THE BASIS PERIOD SYSTEM. HMRC ARE BLINKERDLY BINDING THE TWO TOGETHER.

No doubt MTD will happen but it is just another nail in the coffin for smaller businesses where profits are low and additional costs such as accountancy fees are always fair game to reduce. A number of firms in practice will not cope with this.

What a stupid idea MTD is. Get RTI right first before embarking on another project that is bound to be a disaster

Costs to businesses, particularly the smallest, will be disproportionate to the benefits - of which I see little benefit to the small trader, if any. This seems to benefit HMRC and central government more than businesses but at the cost of the small business owners.

The whole thing is an absolute shambles. HMRC's current IT systems cannot cope with fairly routine matters so what hope is there with a full digital approach?!

It is an absolute joke. It will fail and increase penalties and tax bills

The sooner the better.

MTD should ensure better compliance from smaller businesses who aren't declaring all their income.

The burden is high on the not-financially astute though and I think there should be a longer lead-in for small - medium size businesses with financial incentives and at least a year's voluntary opt-in before it becomes mandatory.

<p>This is clearly going to happen and no doubt will work but HMRC must engage properly and fully with agents. Our clients trust us to look after their affairs and see it as a seamless operation at the moment. Please do not let this be rushed through so we end up with a system that fails. Also HMRC must remember that the majority of businesses in our economy are small and should be encouraged not discouraged and penalised by these changes.</p>
<p>Its unclear what it is trying to achieve except for the creation of a make work regime</p>
<p>I believe MTD will create additional significant burdens on small businesses and their advisers. I do not believe it should be mandatory and will almost certainly close down many businesses</p>
<p>It is a gross imposition and will increase barriers to entry into business for small businesses. Most of our clients employ us because they don't understand the system. We won't have the time to sort out the mess 4 times a year and clients will not be willing to pay 4 times as much</p>
<p>We would like more clarity on how the system will run in conjunction with Tax Returns (which will still be required for those exempted from digital reporting?). Will we ultimately still need our Tax Return software, or will that be a thing of the past?</p>
<p>The MOST IMPORTANT THING you absolutely must do is to get HMRC to accept agent filing on behalf of clients in the digital age. More and more forms are being switched to only being accessible by the individual through their Digital Gateway account. Clients DO NOT WANT THIS and it makes it almost impossible for us to do this for them.</p>
<p>Needs to be delayed until computer systems shown to work</p>
<p>The current annual reporting system is sufficient. I really don't see the benefits of quarterly reporting and only see added hassle and costs.</p>
<p>With very few exceptions, the people I know who work in tax and accountancy, and all the clients I have spoken to about this, think that life is going to become very stressful. With self assessment and sending VAT and CT online, the work is already being done for HMRC. Digital accounting is the thin end of the wedge. Once that is up and running (if indeed it does, seeing as though the construction industry scheme is a shambles anyway) how long will it be before the tax has to be paid quarterly or even monthly. Hopefully, now that we have a Chancellor with an accounting background, we have a chance to have this scheme 'modified'!</p>
<p>I still don't understand the point of it? Who is it benefitting? If HMRC want more money sooner, then establish a system of voluntary PoAs, even reward people for doing voluntary PoAs by paying interest. Accounting is far too difficult for the layman. As a one-man ltd coy, I don't do my own accounts (I wouldn't know where to start and I'm CTA). My time is better spent advising my clients, which is what I am qualified to do.</p>
<p>This is possibly the most costly proposal that has been thought up in many years. A lot of clients are not good at record keeping, are unable to keep to deadlines no matter how much you hassle them and are unwilling to pay for any extra services from their agent. I firmly believe that it is the smallest of sole traders who will be effected by this proposal and they are the people with families and little income to pay for extra services (or fines when they don't comply). Surely it would be better to bring these proposals in for VAT registered businesses first as they already prepare figures quarterly. Why are small businesses being targeted first?</p>
<p>Very bad idea for small businesses and older IT illiterate clients</p>
<p>There are still a high number of people who do not like computer technology. This will get less as the younger generation gets older, but I think it is too soon for compulsory Digital Accounting.</p>
<p>The consultation document is contradictory. It starts by saying in the foreword that there is no requirement for 'four returns a year' and then the rest of the document talks about uploading data four times a year. I don't know if they are trying to be misleading or if they are just stupid, but if you are required to upload data quarterly, that is making returns four times a year. Currently many of my clients keep records by hand or on excel spreadsheets, which I can easily convert to accounts at the end of the year. So a simple annual requirement becomes a burdensome quarterly requirement, plus the need to purchase software, learn how to use it and then get my clients to actually use it when they have more important things to do, like running their businesses.</p>
<p>A joke. HMRC need to sort their own house out</p>
<p>The whole scheme is a very bad idea.</p>

<p>Severe testing by HMRC must happen, as the track record for hastily imposed changes often bring more problems. There should a thorough test before full implementation.</p>
<p>Too big a leap</p>
<p>The timetable is very ambitious. I am concerned that information will not be correctly transferred from third parties and this will be difficult to resolve</p>
<p>This survey is great way of getting our input!</p>
<p>This will be far more complicated than HMRC realise.</p> <p>it will take a lot longer than is currently planned</p> <p>it could be a nightmare</p>
<p>I JUST DONT THINK THEY ARE BEING REALIST ON HOW BUSINESS WORK AND THE EXTRA TIME AND COST THIS WILL TAKE</p>
<p>This will be an additional cost for small businesses in admin and software. HMRC need to offer some benefit in return, and estimated tax calculations would be really handy for my clients as they need to know what to tuck away. Software that inputs into HMRC, and then takes this estimated tax provision out, would be quite beneficial. Manually having to type it into the sare would be a pain.</p>
<p>I don't disagree with what the government is trying to do, the black economy is rampant at the small end of businesses and property owners and this is a good step towards change in this area. However the accountancy profession is not ready to deal with it as it is rushed and the people affected will not be wanting to pay the fees for the additional work.</p> <p>I have talked about MTD to various people and only one has been positive. This is a business owner in an industry where 90% of the competitors operate in the black economy eg by only putting wages through the payroll at minimum wage etc so maximum tax credits can be claimed. Many self employed workers in the industry not filing tax returns. MTD may focus attention and help to bring more of the industry into having to deal with their tax compliance obligations. Reporting of competitors to HMRC (eg for no P45 being available for staff changing jobs, or P45 not representing what the staff say they were being paid) has absolutely no impact. The tax loss of VAT, IT, CT, NIC is huge in this industry.</p> <p>No-one lobbies the government into tackling the black economy and businesses that are affected by competitors not obeying the rules have a very tough time. MTD may help. We all suffer when there is a big black economy.</p>
<p>It's a completely half-baked idea and HMRC have no clue how businesses operate and seriously overestimate their ability to use software or understand accounting and tax. It is a major burden on busy people who should be left alone to run a business, not deal with massively increased admin.</p>
<p>HMRC should explain the reason for wanting to move from annual to quarterly returns - not just that 'technology makes it possible'. What are they going to do with the additional information?</p>
<p>I suspect the software developers will have trouble creating and testing their software in time, considering they can't really develop it yet since there are too many unknowns. I think it will initially be a complete disaster!</p>
<p>This is being rushed out far too quickly. Examples in day to day practice show that HMRC does not always work as a well-oiled machine. HMRC'S own standards need to significantly improve before they can roll this out. The common view I've found is that making digital will result in a great deal of chaos.</p> <p>I also think HMRC have failed to understand that some clients are happy with the way the system is, they do not want to be concerned with reporting obligations every quarter.</p>
<p>It's over compliance</p>
<p>Don't make it compulsory. Don't try to make sole traders and other small businesses file quarterly tax returns and pay HMRC quarterly. It will be a huge burden on their time and effort. Allow businesses to thrive without the need for more red tape.</p>

<p>The proposals are simply HMRC cutting costs and doing what is best for them - collecting money as quickly as possible.</p> <p>There is no thought for the obligations put on small business owners and advisors as to how long this will take to administer. We have all seen how badly RTI went (and are still getting incorrect penalties from it) along with online tax returns the first few years. HMRC will have no doubt cut corners on implementation and no one will be able to do anything about it.</p> <p>Another example of HMRC doing what they want, when they want.</p>
<p>THIS SHOULD NOT BE IMPOSED ON EVERYONE IN SUCH A SHORT TIME PERIOD AS ITS UNFAIR TO EXPECT OLDER COMPLIANT TAXPAYERS TO SUDDENLY COMPLETELY CHANGE FROM PAPER OR SPREADSHEET TO APPS WHEN THEY MAY HAVE NO DIGITAL KNOWLEDGE. AS I MENTIONED ABOVE THIS SHOULD ONLY BE INTRODUCED ON A VOLUNTARY BASIS FOR LARGER BUSINESS'S FIRST</p>
<p>MTD far too much of a burden on the small business. Most of my clients find it difficult to find the time to do their accounts so will have to pay additional costs.</p>
<p>Like a lot of HMRC 'ideas' it seems like a good idea in theory but implementation will be seriously tough. It will be significantly harder than, for example, RTI which was overall beneficial but a considerable hurdle.</p>
<p>Please restrict to VAT registered business in the first phase.</p>
<p>1. I think I know why HMRC want this. A) We do 'all' the work for them and they get 'all' the power and control. B) Changes of mind about the treatment of data in any particular quarter will become obvious to HMRC. C) May self employed will be encouraged to become employed, which HMRC much prefers.</p> <p>2. The speed of introduction is breathtaking. HMRC are ignorant of the real world. I don't think it can be done at this speed. Look at the 'Tax Credit' fiasco when it was introduced. Some consultations have not yet even been published.</p> <p>3. Clearly retirement beckons. I can cope with it but I suspect my clients cannot.</p>
<p>It will be much more likely to be accepted if there are incentives for people to comply. Why not make it voluntary for the first few years for all but the largest businesses, but with a quarterly cash incentive for those who register voluntarily and comply.</p>
<p>I cannot see how this will benefit our clients and reduce their burden. The tax payment dates are not changing (YET) and if our clients wanted to know their tax positions as soon as possible I'm sure they would send their tax return information to us earlier - BUT THEY DON'T! As the tax payment dates are not yet changing, I can't see what benefit HMRC will gain from having their systems clogged up with potentially a vast amount of incorrect information which clients may have added themselves. Our clients are not accountants, they are busy trying to run their own businesses and make a living. To put this additional time burden and costs on them on a compulsory basis, for no purpose whatsoever, it totally unfair. The only winners out of this will be the software providers and, of course, HMRC who will no doubt be raking in the penalty charges when taxpayers have four times more opportunities to make mistakes in a tax year. HMRC are also doing their best to cut out agents - from what I have read of the Con Docs it is like we do not exist! I'm sensing disaster looming.....</p>
<p>I do not accept the case has been made for the changes. It seems political and aimed at raising more tax without any benefit to the taxpayer.</p>
<p>A concern is HMRC being aggressive in examining and challenging year-end adjustments that previously would not have been apparent under SA. I believe this is a key driver to some in HMRC although it will never be publicly admitted.</p>
<p>It's a car crash waiting to happen</p>
<p>It will be an expensive failure</p>
<p>I don't see why it worries so many people other than the tight timetable. I think it is appropriate for those in business to be required to keep up to date financial records which is what MTD is all about.</p>

<p>The thinking behind MTD is fundamentally flawed. If there is, as claimed, to be an overall benefit to businesses then make adoption voluntary. Businessmen are not stupid - if the benefit exceeds the cost they will use it voluntarily. If the benefit does not exceed the cost making it compulsory merely shows how out of touch HMRC / Govt is with the issues currently facing businesses.</p>
<p>Implementation should be delayed until the picture of what is happening is clearer and infrastructure is in place.</p>
<p>NOT PUBLISHABLE !</p>
<p>It is a totally unrealistic project which will end in disaster.</p>
<p>Value ill-defined. If it is meant to improve compliance the very people who are non-compliant will fail to utilise MTD properly, so objective won't be achieved. All other taxpayers being burdened to bring non-complaints into line, who won't participate.</p> <p>Can I just send estimates in each quarter to meet my obligations?</p>
<p>Concerned about the complexities for partnerships</p>
<p>My main difficulty is for my sole trade clients that maintain their records on a spreadsheet. Their income is not great and my fees are not too high - however with the introduction of MTD it is likely that my scale of work will increase at a cost to my clients. My clients usually look to me to sort out their tax affairs. If I have to spend more time on them and increase my fees, they may try and do the work themselves - I am not sure how accurate it would then be.</p>
<p>This survey has prompted me to register to access my digital account!</p>
<p>This is a really dumb idea that will just put extra burden on businesses (especially the small ones) and cost them money or time, when according to HMRC the information will not be used for any reason.</p>
<p>It is being introduced in the wrong order. With RTI large companies, who tend to have sufficient accountancy staff went first. Only when the system had bedded in were the smaller businesses forced to follow.</p>
<p>A good idea but implementation looks likely to be rushed and the expectations of the ability of many taxpayers to cope without significant help are unrealistic.</p>
<p>Quarterly returns are too frequent for very small businesses.</p>
<p>Proposal to require businesses to make year end submission within 9 months would make 31st December the peak filing period (after years of HMRC encouragement to adopt 31st March/5th April year ends) which is impractical with the Christmas holidays. A period of 10 months would be better, taking the deadline back to 31st January, which many clients and agents are familiar with.</p>
<p>The whole change to digital should be taken at a much slower pace to ensure that it is done properly.</p>
<p>The whole policy of forcing businesses to comply with quarterly digital reporting is obscene, particularly for small businesses. Why do HMRC and HMT have the tenacity to force businesses to use digital records and submit them quarterly. There is nothing wrong with paper records or records maintained on spreadsheets, especially for small businesses. These records, when maintained properly are completely adequate for the needs of the businesses. No consideration has been made for clients who do not use computers and who do not want to. These proposals are unworkable and not in line with the real world.</p>
<p>What is wrong with the current tax return filing regime?</p>
<p>There must be a manual alternative for small businesses who are not computer literate</p>
<p>Nice idea but tax is too complicated for most individuals. They are genuinely afraid. If you ask most tax payers to explain their notice of coding they would look blank at you</p>
<p>I hope it works, but I have serious doubts</p>
<p>What is the point? I can barely get the VAT clients to send their information on time, many businesses (eg labourers) do not want to spend time/money doing the work themselves, nor do they want to outsource it for higher business running costs.</p>

This is a terrible idea - if this is ultimately about cashflow just make payments on account quarterly rather than this interim admin step of quarterly filing. There is the option for annual VAT returns up to £1.35m so why make these same businesses make quarterly returns for direct tax?

Concerned about where this leaves agents - will there still be a need to work in compliance?

I am not a fan, I think it will create more work for both tax payers and agents

A fair few of my clients have little or no access to the internet due to living in a rural area. The broadband speed in this area on a good day is about 2mbps and were are still waiting for super fast broadband from BT. The mobile signal can fluctuate in the area where I live and work and this includes dead spots.

The majority of my clients do not want to deal with HMRC and that is why they use accountants to deal with their tax affairs.

In regards to apps etc on mobiles or laptops, the majority of clients are technophobes and do not internet banking, so how they will take to MTD will be interesting.

I am unsure if the free software the HMRC thinks that a supplier will be any good. What happens to clients records who use free software, if the free software stops being available?

The ongoing cost for MTD and the burden it places on clients, will it actually close the tax gap? If taxpayers who do have accountants to deal with their tax affairs expect that their tax affairs are in order, so why the need to report 4 times a year?

It seems that whenever HMRC introduce new software there are always problems RTI for instance.

I expect that MTD will plough on and it will be the agents that will pick up the pieces, further increasing the cost to client. Of course, there will be no recompense from HMRC when MTD goes haywire.