

Virtual Communications Group
Digital Services Update
July 2021

Making Tax Digital (MTD)

There were over 1.5 million businesses signed up to MTD as of 28 June and over 11 million VAT returns have been successfully submitted. Overall, an estimated 89.4% of all businesses mandated to join from April 2019 are now signed up to the MTD service. The proportion of non-mandated businesses who have signed up voluntarily is currently around 31.6%.

Around 10% of the MTD for VAT population above the VAT threshold who are mandated to sign up to MTD for VAT are yet to do so. HMRC continues to run its schedule of reminder letters to the mandated MTD for VAT population. We are also developing our plans to begin awareness campaigns for all VAT businesses who will be mandated to sign up for MTD for VAT from April 2022.

HMRC recently announced that agents will not be able to bulk sign up clients for MTD for ITSA. HMRC are planning to speak with several agent bodies to investigate how HMRC can assist in making the sign-up process to MTD ITSA less resource intensive for agents.

We intend to decommission the VAT mainframe (which accepts XML submissions) and move every VAT record to the Enterprise Tax Management Platform (ETMP) (which does not accept XML submissions). ETMP will eventually be used to store all customer's tax records, not just VAT. HMRC will need a valid and current email address for customers to enable non-MTD VAT customers' Direct Debit payments to continue after migration of customer records from the VAT Mainframe to our new ETMP. This allows HMRC to comply with UK banking regulations requiring them to notify customers of the date and amount to be taken by Direct Debit. Without a valid email address, HMRC may be unable to collect VAT payments.

This month HMRC has contacted all affected customers by post, informing them that HMRC will be cancelling their Direct Debit and asking them to regularly log into their Business Tax Account between July and September 2021. Customers will then be introduced to a step-by-step process on how to update their Direct Debit information.

A new print and post version of the VAT1, a form for manual applications, was introduced in November. This was updated in December. We are still receiving a significant number of the older versions of the VAT1 form for manual applications, primarily from agents. We are asking everybody to use the new online print and post version, and to destroy the old version of the form.

Trust Registration Service (TRS)

We are continuing to prepare for opening the Trust Registration Service to non-taxable trusts for registrations in Summer 2021.

As part of our preparations, non-taxable trusts can register their trust details on an invitation basis. If you have a non-taxable trust and are willing to participate in this development phase, please email: service_team17.digital_ddcn@digital.hmrc.gov.uk

This is your opportunity to provide input and feedback on how the service and the supporting guidance is developed.

Your email will be logged, and we will contact you about your request

We ask that you and your members do not contact the HMRC Trusts helpline about non-taxable trusts as this part of the service is still in development.

Trust Registration Service technical manual published

We have now published the Trust Registration Service manual. This manual aims to provide detailed, technical information, building on the overview guidance already available on GOV.UK and within the service.

Additional material on deadlines, penalties and third-party information sharing will be added to the manual in due course.

The Trust Registration Service manual is available at [Trust Registration Service Manual - HMRC internal manual - GOV.UK \(www.gov.uk\)](#)

If you have any feedback on the manual, please email: trsm.feedback@hmrc.gov.uk

Tax Administration Strategy calls for evidence closing soon

On 23 March, the government published a command paper titled 'Tax Policies and Consultations (Spring 2021)', which set out a range of tax-related announcements including publication of consultations, discussion documents and calls for evidence.

This marked a significant milestone in HMRC's work to deliver the Tax Administration Strategy (TAS), aimed at improving the resilience and effectiveness of the country's tax administration system.

The calls for evidence closing soon include:

1. [Tax Administration Framework](#) which explores how to make tax more straightforward and harder to get wrong, how to improve people's experience of the tax system, and how to build and maintain trust between HMRC and taxpayers. To respond to this call for evidence please email your response to: adminframeworkreview@hmrc.gov.uk by 11.45pm on 13 July 2021.
2. [Timely Payment](#) explores the longer-term opportunities and challenges of more frequent payment of Income Tax within Income Tax Self-Assessment (ITSA), and of Corporation Tax for small companies, based on in-year information. To respond to this call for evidence, please email your response to: timely.payments@hmrc.gov.uk by 11.45pm on 13 July 2021.