

MAKING TAX DIGITAL



Her Majesty's Revenue & Customs' (HMRC's) 'MAKING TAX DIGITAL' will bring UK tax into the digital age. It came into effect on 1 April 2019 for standard businesses and 1 October 2019 for complex businesses.

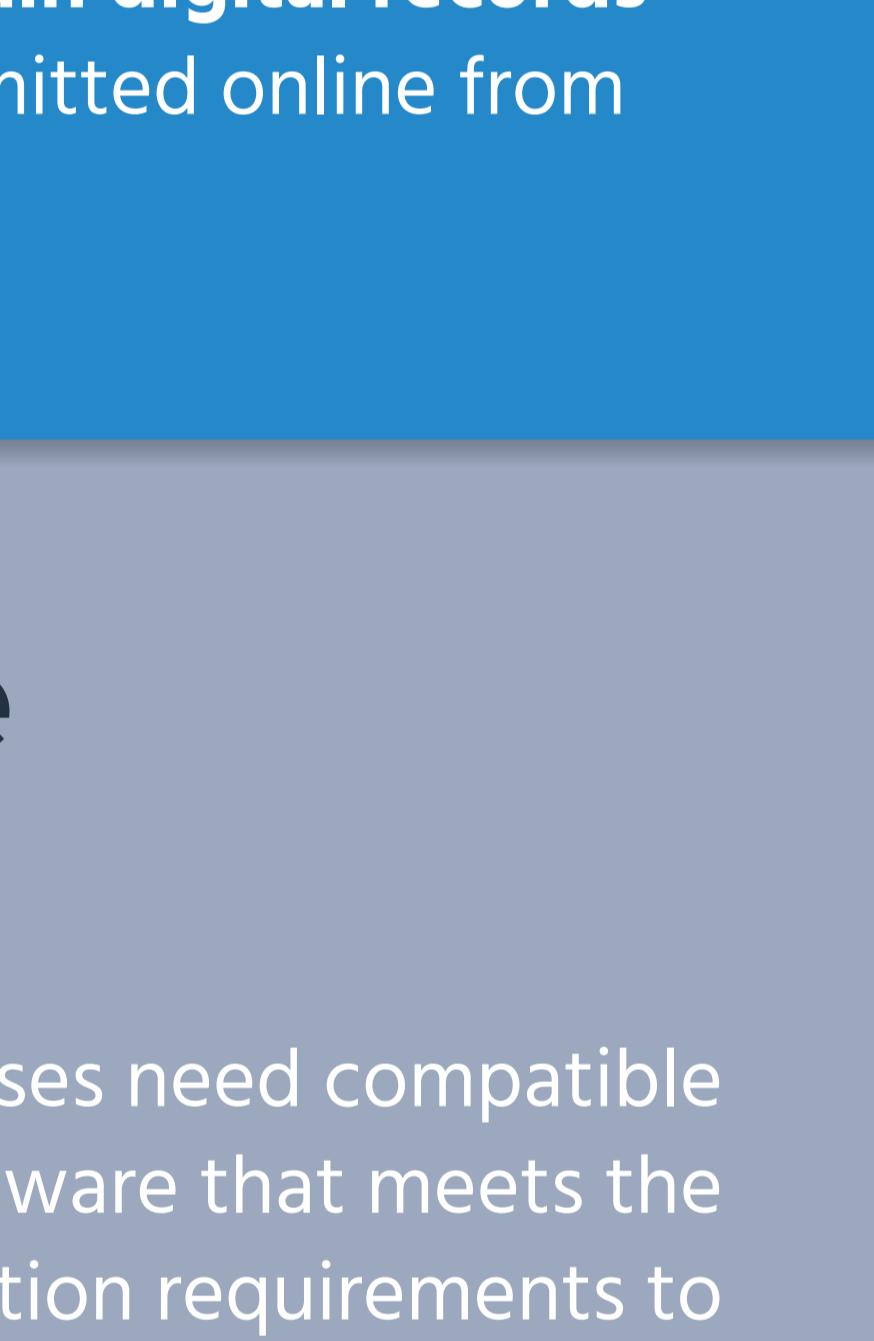
The Tip of the Iceberg

MTD may just be the start of VAT reporting reform in the UK. With other European countries moving to real-time electronic invoicing to enforce VAT collection, the UK may well follow.



The Aim

The UK VAT gap is €22 billion. As governments across the EU seek to reduce their VAT gap, more nations are introducing measures that place tax administrations at the heart of business transactions.



Who is Affected?

Under the proposal, **all VAT registered businesses with taxable turnover above the threshold of £85,000 will be required to maintain digital records for VAT**, including VAT returns submitted online from April 2019.

MTD Compliance Requirements



Businesses need compatible software that meets the specification requirements to handle the VAT return files, demonstrate a clear electronic audit trail and connect to the HMRC systems through an Application Programming Interface (API).

Penalties – The Cost of Non-Compliance

Penalties will correspond with those already in place for failure to keep VAT records and submit a VAT return. Interest will also be charged for late submissions.

15 days

No penalty

15-30 days

50% of HMRC interest rate charge

>30 days

100% of HMRC interest rate charge, plus daily interest charge

With deep roots in the most challenging tax compliance environments in the world, Sovos supports companies in 60 countries around the globe easing the burden and risk of VAT compliance.

The Sovos VAT Reporting Cloud Solution is MTD ready and ensures a seamless digital journey for all your UK and international VAT filings.

Contact us to learn how our VAT solutions can help your business comply.

sovos.com | emeainfo@sovos.com

Amsterdam (NL)

+31 (0) 20 4074 515

Atlanta (US)

+1 800 988 0728

London (UK)

+44 (0) 020 7036 8070

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