

Making Tax Digital - Individuals

Individuals along with small businesses and landlords will be among the first to join HMRC's brave new digital world in 2018. It is HMRC's hope that by 2020 the tax return as we know it will have been entirely abolished.

From April 2018, all individuals will have access to simple, secure and personalised digital accounts. Some individuals may have already seen their online account transferred to a personal tax account. These accounts currently enable you to see your national insurance history, find out your estimated state pension forecast, tell HMRC about a change of address and check PAYE tax codes.

HMRC call this project "Making Tax Digital" (MTD). The idea is that your online account will be pre-populated with information HMRC already know meaning you will no longer be required to submit this information on an annual tax return. This information will include such things as salary and pension details and bank interest. HMRC are not in a position where they will be able to pre-populate all information for all taxpayers, dividend income being a prime example.

The onus will still remain with the taxpayer to ensure HMRC are aware of all sources of income and to ensure the information showing on the digital tax account is correct. History has shown that HMRC does not have a record of getting things right first time. We of course will work with you to ensure the information is accurate and that you are paying the correct amount of tax, as we have always done.

HMRC envisage that the personal tax accounts will make it easier for an individual to have an understanding of their overall tax position at any point throughout the year. HMRC believes that using the information it already holds more effectively will reduce under and over payments of tax which can be a source of frustration and confusion.

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HMRC appreciates that not everybody is ready or able to use digital services and extra support will be provided for those people. We will also be on hand to guide you through the process. In fact HMRC has slowly been making the progression to digitalisation for a number of years enabling more information to be provided to them electronically.

If you are in receipt of rental income or self-employment earnings of more than a set minimum which HMRC is yet to confirm you will be required to submit electronic quarterly updates to HMRC. More information can be found on this on our Making Tax Digital helpsheet for small businesses.

At present HMRC have no intention to make any changes to the dates tax is payable, if not collected at source. The payments date of 31 January (and 31 July if payments on account are required) will remain. Taxpayers can, however, make more frequent payments if they chose on a voluntary pay-as-you-go basis. HMRC are currently looking at various incentives to encourage PAYG payments of tax.

MTD is a huge project for HMRC and they have consulted widely on this. There are lots of questions to be answered once the legislation has been published in the 2017 Finance Bill. MTD is coming, so do watch this space for further in



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