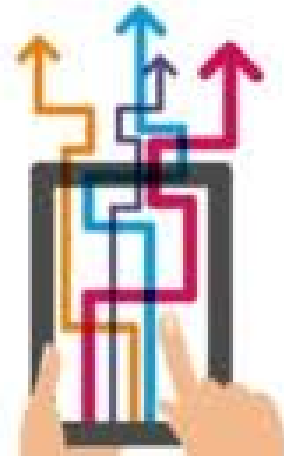




MAKING TAX DIGITAL



MAKING TAX DIGITAL

IMS BRIDGING APPLICATION

Making Tax Digital (MTD) is a fundamental change to the administration of the UK tax system. It will affect how businesses maintain their accounting and tax records and how they transact and communicate with HMRC.

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OVERVIEW

Making Tax Digital (MTD) is an HMRC initiative that will revolutionise the UK tax system and ultimately bring an end to self-assessment.

The primary aim of Making Tax Digital is to make tax administration more effective, efficient, and easier for taxpayers through the implementation of a fully digitalised tax system by 2020, whilst also reducing submission errors along with HMRC's overheads for managing tax affairs.

The first major change is that **ANY** VAT Return after the 1st April 2019 will need to be submitted electronically. This does not mean simply inputting into the current HMRC portal but will involve uploading digitally into a new portal using an API. There are very strict rules for this and they prohibit the option to change the data manually i.e. all data collation and reporting **MUST** be done digitally.

Businesses and organisations will be required to use a functionally compatible software product to submit their returns to HMRC. The software will use HMRC's API (Application Program Interface) platform to submit information to HMRC. The current HMRC online tax return services will be withdrawn for those within the scope of the MTD rules.

Following the implementation of MTD for VAT, MTD for income tax (for the self-employed and those with income from property) and MTD for corporation tax are expected to follow, so this 'digital transformation' will be part of the tax submission fabric going forward and everybody should be prepared. IMS can help.

IMS is a registered developer, recognised and sanctioned by HMRC, so this along with our expertise in System 21 finance applications, makes us the natural partner for the new world of Digital Tax Transmission.

MTD – THE PROCESS FLOW

This document sets out the basic process flow of the IMS MTD solution and provides 'screenshots' from the process, from System 21, and the HMRC Portal.

The solution is based on using data from the System 21 VAT module, an example of the System 21 VAT enquiry for a period is shown below.

VAT Enquiry				
VAT period . . .		1803 From 01 July 2018 to 30 September 2018		
Code	Description		Goods	VAT
A	Acq VAT	Inputs	206476.85-	3518.37-
		Outputs	206476.85	3518.37
		Net	.00	.00
A1	Acq VAT	Inputs	.00	.00
		Outputs	.00	.00
		Net	.00	.00
E	Exempt	Inputs	4401.88-	.00
		Outputs	79789.35	.00
		Net	75387.47	.00
Period totals		Inputs	771123.05-	102122.49-
		Outputs	1203142.66	185420.07
		Net	432019.61	83297.58

F3=Exit

System 21 VAT enquiry (continued)

VAT Enquiry

VAT period . . . 1803 From 01 July 2018 to 30 September 2018

Code	Description		Goods	VAT
S	Standard	Inputs	507494.28-	98604.12-
		Outputs	909531.55	181901.70
		Net	402037.27	83297.58
S1	17.5%	Inputs	.00	.00
		Outputs	.00	.00
		Net	.00	.00
V	vat	Inputs	.00	.00
		Outputs	.00	.00
		Net	.00	.00
Period totals		Inputs	771123.05-	102122.49-
		Outputs	1203142.66	185420.07
		Net	432019.61	83297.58

F3=Exit

VAT period . . . 1803 From 01 July 2018 to 30 September 2018

Code	Description		Goods	VAT
Z	Zero	Inputs	52750.04-	.00
		Outputs	7344.91	.00
		Net	45405.13-	.00
Period totals		Inputs	771123.05-	102122.49-
		Outputs	1203142.66	185420.07
		Net	432019.61	83297.58

F3=Exit

Once you are confident that the figures are correct, you enter the following screen to confirm the period you are processing, and the VAT code to be used to calculate the value of supplies to EU customers (Box 8).

```
VAT Submission
Period .... 1803
Vat Code .. Z  Only use this field for Box 8: Total Value Goods Supplied
                  Excluding VAT.
                  Please leave blank if you want to report on all Vat Codes
                  otherwise enter the specific Vat code.
```

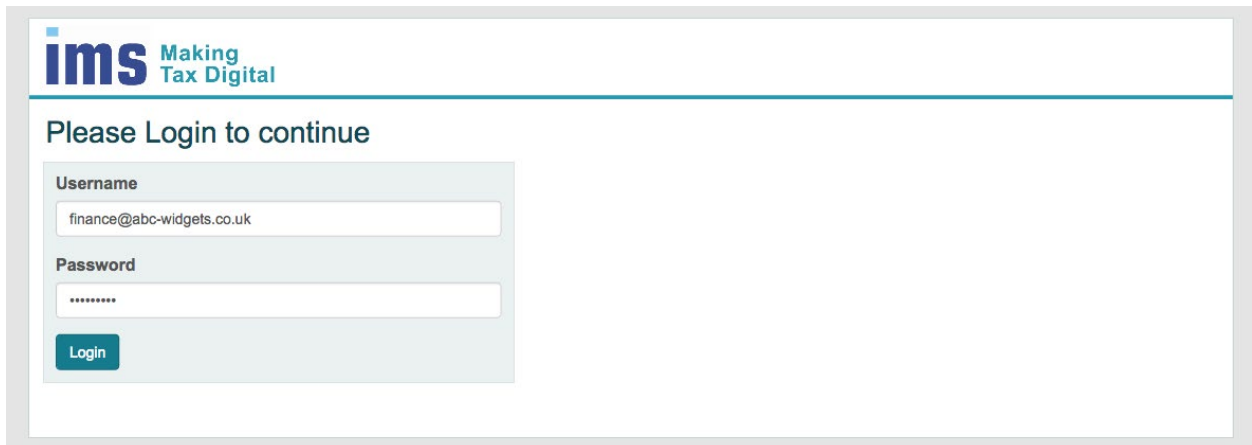
Our solution will then display the above figures in the format of the nine boxes as required by HMRC for final verification, as per the below example.

```
VAT Submission
Period .... 1803  From: 01/07/18  To: 30/09/18
VAT Due Sales ..... 181,901.70
VAT Due Acquisitions ..... 3,518.37
Total VAT Due ..... 185,420.07
VAT Reclaimed Current period ..... 102,122.49
Net VAT Due ..... 83,297.58
Total Value Sales Excluding VAT ..... 1,203,142.66
Total Value Purchases Excluding VAT ..... 771,123.05
Total Value Goods Supplied Excluding VAT .. 7,344.91
Total Acquisitions Excluding VAT ..... 206,476.85
F3=Exit  F12=Return
```

MTD – THE PROCESS FLOW

Once the figures above are approved, a function will be used to FTP (File Transfer Protocol) these to our portal. The exact method will be determined by individual customer's set up, but in most cases, this will be done using secure FTP (SFTP) for data security.

The VAT information is uploaded to our portal and processed, you will subsequently receive an email inviting you to login and confirm the submission to the government gateway. The login screen shown below will be displayed. Please note if you click the link in the email you will be taken straight to the submission details.



The screenshot shows a login interface for IMS. At the top left is the IMS logo with the tagline "Making Tax Digital". Below the logo, the text "Please Login to continue" is displayed. There are two input fields: "Username" with the value "finance@abc-widgets.co.uk" and "Password" with masked characters "*****". A blue "Login" button is positioned below the password field.

If it is the first time you have logged into the system, or if our authority to submit your returns needs confirming / renewing, you will be sent to the government gateway to login and confirm our authorisation. Please note that our authorisation needs reconfirming at least every 18 months. You will see the screen below, explaining that you need to confirm our authority and the steps needed to do this.

Authority to interact with HMRC on your behalf

IMS VAT Submission needs permission to interact with HMRC on your behalf. To grant this authority, you'll need to:

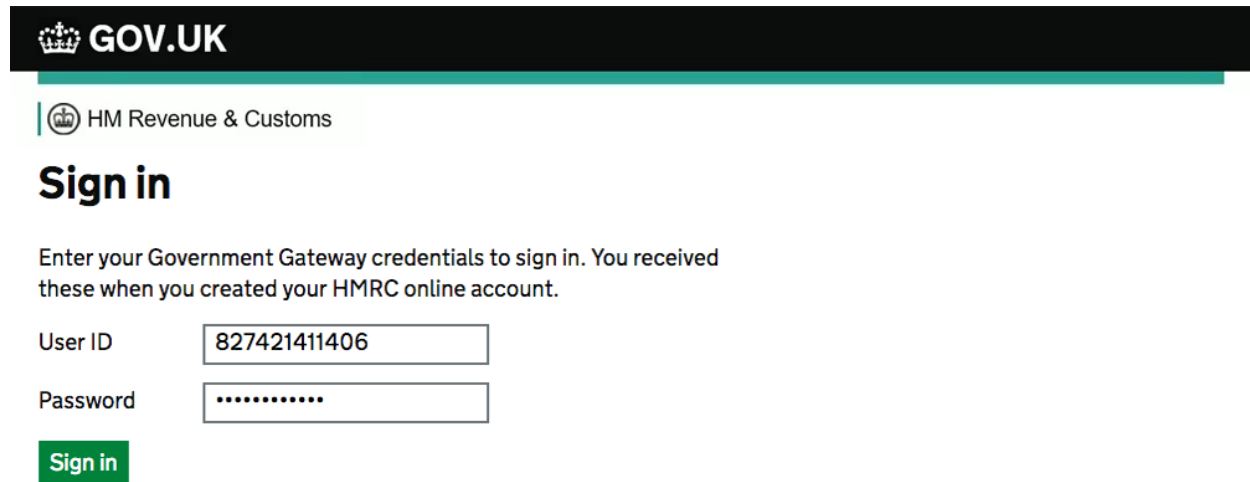
1. Sign in to your Government Gateway account.
2. Enter the 6 digit access code we'll send to your mobile phone, landline or other device.
3. You might need to confirm who you are by answering some security questions on, for example, your passport, P60 or other documents.
4. Grant authority to interact with HMRC on your behalf.


This authority will last for 18 months. You can [remove this authority](#) at any time.


[▶ I'm an agent, which account do I sign into?](#)

[Continue](#)

After clicking **Continue** you will be prompted to login and will see the screen below



 **GOV.UK**

 HM Revenue & Customs

Sign in

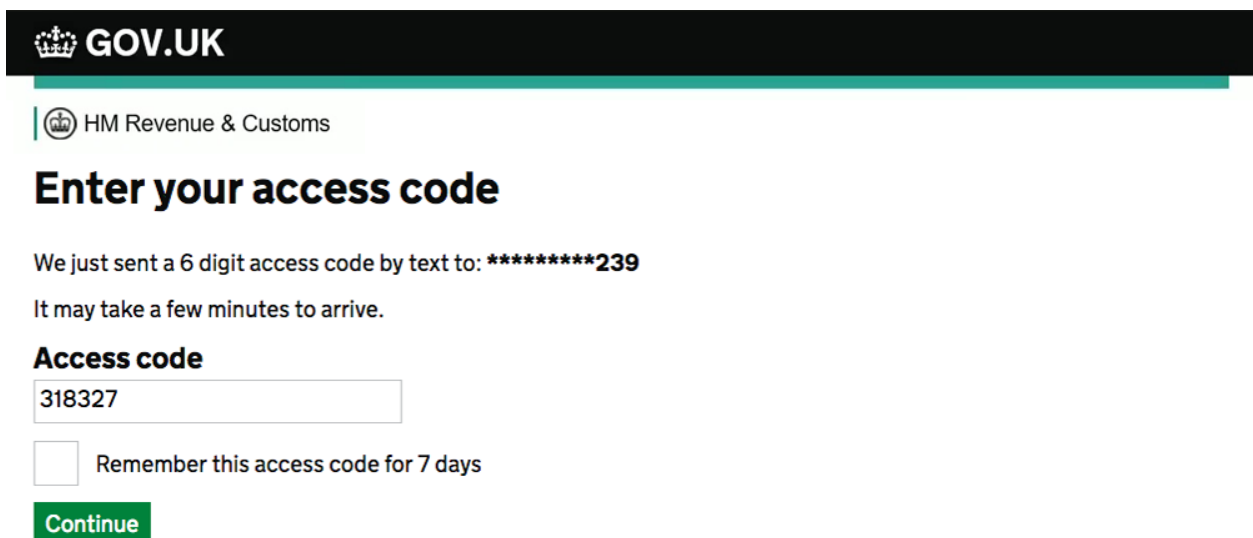
Enter your Government Gateway credentials to sign in. You received these when you created your HMRC online account.


User ID


Password

Sign in

You will then need to confirm your login with an additional security code, this normally is done via text message and you will see a similar screen to the below. Please note you may be prompted to answer additional questions to confirm your identity.



 **GOV.UK**

 HM Revenue & Customs

Enter your access code

We just sent a 6 digit access code by text to: *****239


It may take a few minutes to arrive.

Access code

Remember this access code for 7 days

Continue

Once logged in you will see the screen below and will need to confirm our authority to access your VAT information



HM Revenue & Customs
827421411406

Authority to interact with HMRC on your behalf

The **IMS VAT Submission** software application is requesting to do the following:


- Change your VAT information

It will be able to do the above for 18 months from when you grant authority.

Grant authority
Do not grant authority

You can [remove this authority \(opens in a new tab\)](#) at any time.

If we already have authority to submit your returns, or once you have authorised us to do so, you will see the VAT submission details in order to review and confirm the submission.


Logout

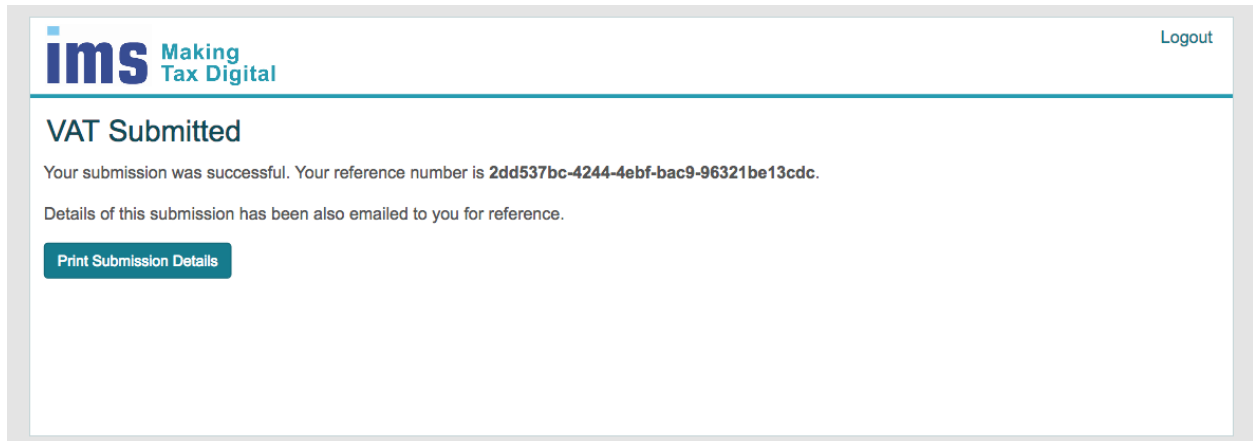
VAT Submission

Please review the below figures and submit when ready.

VAT Due Sales	£181,901.70
VAT Due Acquisitions	£3,518.37
Total VAT Due	£185,420.07
VAT Reclaimed Current Period	£102,122.49
Net VAT Due	£83,297.58
Total Value Sales Excluding VAT	£1,203,142.66
Total Value Purchases Excluding VAT	£771,123.05
Total Value Goods Supplied Excluding VAT	£7,344.91
Total Acquisitions Excluding VAT	£206,476.85

Submit VAT Return

Once confirmed your return will be submitted, you will see the result of this and you will be given a reference number. Details of the return will be emailed to you and you can print these using the print button.



The screenshot shows a web interface for 'ims Making Tax Digital'. At the top right is a 'Logout' link. The main heading is 'VAT Submitted'. Below it, a message states: 'Your submission was successful. Your reference number is 2dd537bc-4244-4ebf-bac9-96321be13cdc.' A second line of text says: 'Details of this submission has been also emailed to you for reference.' At the bottom left, there is a button labeled 'Print Submission Details'.

IN SUMMARY

The IMS MTD solution will automate the submission of VAT returns (with ongoing development for other tax submissions) from System 21. The customer has a chance to review the figures before final submission. The system has been developed by IMS, it will be hosted and managed by IMS as part of our support program that we have excelled in, in over 25 years of business growth.

INTEGRATED MANAGEMENT SOLUTIONS (GLOBAL) LIMITED

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