

## VAT: Making tax digital deferred for “more complex” businesses

HMRC has announced that mandatory compliance with the “making tax digital” programme in relation to VAT will be deferred until October 2019 for “more complex” businesses.

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HMRC [has announced](#) that it will extend the Making Tax Digital (MTD) for VAT implementation deadline for taxpayers whose affairs are “more complex” for a period of six months until 01 October 2019. Affected taxpayers include VAT divisions and VAT groups, trusts and traders based overseas.

### Background

First announced in 2015, Making Tax Digital (MTD) is an HMRC initiative to modernise the UK tax system. The main aim of MTD is to improve and streamline tax administration through the implementation of a fully digitalised tax system, reducing HMRC’s administrative costs in the process. However, the move to MTD will affect a wide range of taxpayers, including most businesses, self-employed professionals and landlords and will require the adoption of specialised software to maintain digital records.

HMRC’s timeline for the implementation of MTD in relation to VAT requires all registered businesses with a turnover above the VAT threshold (currently £85,000) to keep records digitally and use compatible software to submit their VAT returns digitally from 01 April 2019.

However, HMRC has recently announced that a small minority of more complex businesses will be given longer to comply.

### Businesses affected

HMRC’s announcement introduces a six month deferral for taxpayers which fall into one of the following categories:

- Trusts
- Not for profit organisations that are not set up as companies
- VAT divisions
- VAT groups
- Overseas traders
- Certain Government departments and local authorities and public corporations

- Businesses required to make payments on account or annual accounting scheme users.

These businesses will not now have to comply with the MTD requirements until 01 October 2019.

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