

Making Tax Digital for VAT: is your business ready?

What is Making Tax Digital?



Introduced by Her Majesty's Revenue and Customs (HMRC), this regulation is a key part of the government's plans to make it easier for individuals and businesses to get their tax right and keep on top of their affairs.

HMRC's ambition is to become one of the most digitally advanced tax administrations in the world.

What is the purpose of MTD?

Reduce the UK's tax gap for 2018/19 estimated around £8.6bn due to taxpayer error and genuine mistake.



Reduce risk and error associated with manual-based processes and transforming tax administration so that it is:

More effective



More efficient



Easier for taxpayers to get their tax right



"The nudges and prompts that will be incorporated into the Making Tax Digital compatible software developed by third party software providers will help eliminate common errors, giving businesses greater certainty that they've got their tax right first time, reducing the need for unwelcome compliance interventions which are expensive and burdensome for both HMRC and its customers." ⁽¹⁾

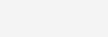
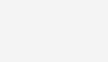
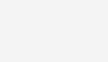
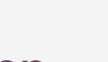
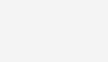
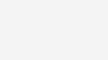
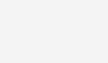
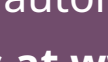
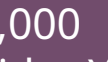
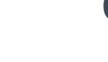
HM Revenue & Customs

Who is impacted by Making Tax Digital?



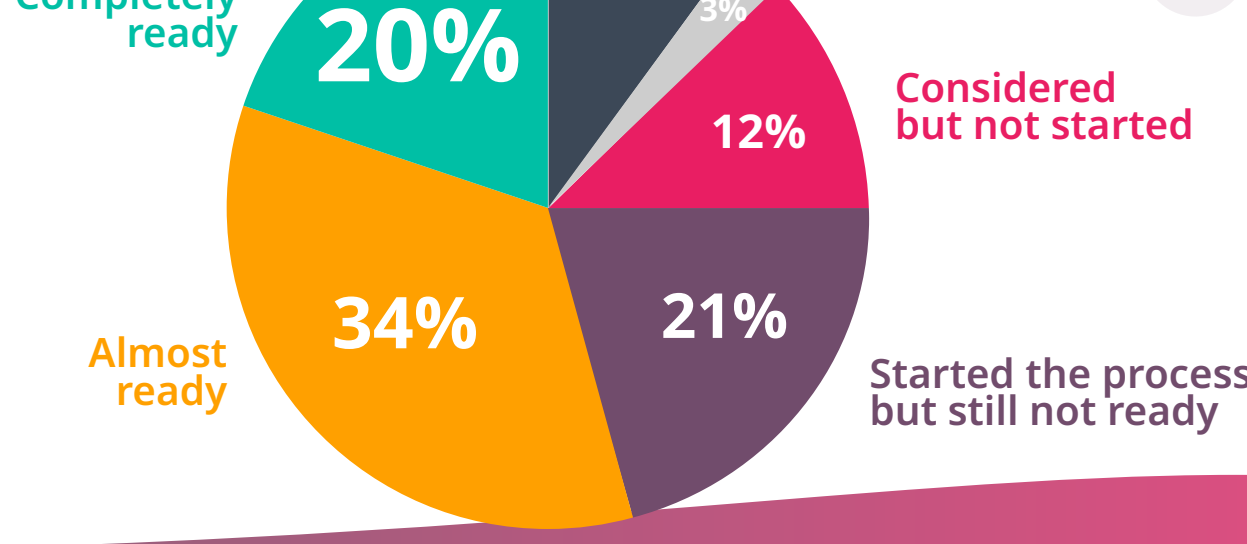
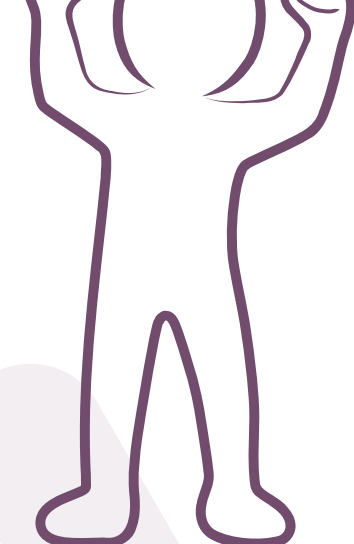
VAT-registered businesses with a taxable turnover above the VAT threshold (£85,000) are now required to follow the Making Tax Digital rules by keeping digital records and using software to submit their VAT returns.

What are the major milestones?



Are businesses ready for Making Tax Digital?

Only 20% of UK businesses⁽³⁾ ready for Making Tax Digital!



Which solution should I choose to be Making Tax Digital compliant?⁽²⁾



HMRC only lists the software products that are used to file the VAT return but having other software behind, is absolutely fine so long as the digital links requirement can be met.

HMRC accepts the following as digital links:



Emailing a spreadsheet containing digital records, so the information can be imported into another software product.



Transferring a set of digital records onto a portable device and physically giving this to someone else, who then imports the data into their software.



XML, CSV import and export, and download and upload of files.



Automated data transfer.



API transfer.



"HMRC does not consider the use of 'cut and paste' or 'copy and paste' to select and move information, as a digital link."

HM Revenue & Customs



How can Yooz help you being compliant with MTD?

Yooz ensures «the digital audit trail» with respect to tax administration requirements.

Yooz enables the entire digitisation of the entire invoicing process from the purchase order to invoice processing as well as the extraction of data from invoices automatically whatever their origin, medium, format for direct insertion to the target finance system.

The various documents are securely stored and indexed so that they can easily be found and consulted by authorized parties.

At the same time, the invoices thus captured are reconciled with the corresponding order and receipt, entered into the books and recorded in the management tool or ERP.

All-in-One solution from purchase requisition to invoice payment:

Yooz leverages the most powerful and most secured features to automate each step of your accounts payable processes with an all-in-one solution.

The Yooz 'No Touch' intelligent workflow powered by BPMN2 standard-base, moves an invoice from capture to ERP and payment with no need for human intervention.

Smart data extraction, automated GL coding and PO matching: Yooz provides the smartest real-time automation thanks to a unique blend of AI & Deep Learning powered by 100+ million invoices and over 1 million vendors. Big Data sets allow every user to achieve the highest efficiencies.

Yooz utilizes an unmatched multi-channel capture engine routing any electronic, mobile, or paper document into a single automated collection, sorting, identification, indexing and archiving process.

Yooz integrates seamlessly with more than 250 financial systems and allows instant visibility into your data and metrics in real-time.

About Yooz

Yooz provides the smartest, most powerful and easiest-to-use cloud-based Purchase-to-Pay (P2P) automation solution. It delivers unmatched savings, speed and security with affordable zero-risk subscriptions to more than 4,000 customers and 200,000 users worldwide. Yooz's unique solution leverages Artificial Intelligence to deliver an amazing level of automation.

Visit us at www.GetYooz.co.uk

(1) <https://www.gov.uk/government/collections/making-tax-digital-for-vat>

(2) <https://www.gov.uk/government/publications/vat-notice-70022-making-tax-digital-for-vat/>

(3) Opinionography conducted research on behalf of Yooz during March 2021. 1,055 finance and accounts payable professionals were surveyed across the UK, Europe and US to determine the challenges faced by finance and accounts payable departments as a result of COVID-19, the current state of Purchase-to-Pay and Accounts Payable processes and the technologies finance departments are adopting to streamline their accounts payable processes.