

## Sign up to HMRC's ASA and save your clients money

Tax agents are being reminded that they need to register for HMRC's Agent Service Account (ASA) in order to continue submitting VAT returns under the Making Tax Digital (MTD) rules.

However, there could be significant benefits for agents who are registered with the ASA and who migrate their client data to the ASA portal. These include:

- saving time in locating client data, as all VAT required information will now be held in one central system;
- being able to quickly view current and historic VAT submissions;
- saving money by not having to purchase separate accounting or bookkeeping software.

By having an ASA and bridging software such as [Absolute's Excel VAT Filer](#), they will be able to continue using Excel spreadsheets for their accounting/financial information. HMRC have stated that information supplied from Excel spreadsheets will still be valid after the end of the soft landing period in April 2021, providing it uses MTD compatible software to digitally file the VAT returns.

ASA registered tax agents could potentially save their clients hundreds, if not thousands, of pounds each year, by not having to buy new MTD accounting software. Not only is there a financial cost of such a purchase, but the time costs of learning how to use a new accounts system can be significant, not to mention frustrating.

## Getting ready for the next phases of MTD

VAT registered businesses with a turnover below the current VAT threshold (£85,000) will have to join MTD from April 2022. Then, from April 2023, taxpayers who file self assessment tax returns with income from property or business transactions of £10,000 or more per annum, will also be required to file their income tax returns digitally. This will create a lot more work for agents and their clients. Having the ASA set up and using Absolute's Excel VAT Filer software, will make the whole process much easier for all concerned.

Future MTD adopters need to be informed now that they can continue to use their Excel spreadsheets when they have to submit their VAT returns, or self assessment tax returns, via the MTD route. However, they can only do this if they are using MTD compatible bridging software. By using the Excel VAT Filer they can do so with the peace of mind that they are using one of the most simplest and affordable pieces of software on the market, whilst adhering to the MTD regulations.

## Brexit changes to VAT returns

HMRC have confirmed the process for filing VAT returns after Brexit will not be changing. The only thing which will be different is the wording on the VAT return which relates to boxes 2, 8 and 9. The new wording for these sections will now read:

- Box 2: VAT due in this period on intra-community acquisitions of goods made in Northern Ireland from EU Member States
- Box 4: VAT reclaimed in the period on purchases and other inputs (including acquisitions in Northern Ireland from EU member states)
- Box 8: Total value of intra-community dispatches of goods and related costs (excluding VAT) from Northern Ireland to EU Member States
- Box 9: Total value of intra-community acquisitions of goods and related costs (excluding VAT) made in Northern Ireland from EU Member States

These changes will be seen on VAT returns from 1 January 2021 but will not take effect until 8 April 2021. Absolute will automatically update the Excel VAT Filer with these changes and circulate to our users well before the 8 April implementation date.

### **Period key updates**

We have also been notified by HMRC that VAT customers with a fully numeric period key (e.g. NNNN) will see this change into an alphanumeric format (e.g. NNAN/NNAA) over the coming months. This change of period key may cause some MTD bridging software packages that use the HMRC API to not return liabilities and payment information to VAT customers. The Excel VAT Filer has been updated with these changes so the transition to the new style of period key should be seamless.

### **VAT XML decommissioning**

HMRC will not be accepting XML VAT submissions after 8 April 2021. The Excel VAT Filer software does not use XML to submit the VAT return data and so these changes do not apply. However, if your current software provider does use XML, you are recommended to move to a MTD compatible product, such as our Excel VAT Filer, as soon as possible.

While there are several changes on the horizon which could affect the way you currently file your VAT returns, if you're using the Excel VAT Filer, there is no need to worry. Our MTD bridging software has automatically been updated to reflect these changes, enabling you to continue filing VAT returns quickly and simply.