



Making tax digital



FACTSHEET FOR INDIVIDUALS

WHAT IS MAKING TAX DIGITAL?

Making Tax Digital is the most fundamental change to the administration of the tax system for the last 20 years. Individual taxpayers will be able to interact with HMRC on a digital basis using Personal Tax Accounts (PTA). The annual tax return as we know it will be phased out and replaced with the PTA.

If you are also a sole trader, partner or landlord please read our other factsheet as this will also be relevant to you.

WHEN DOES IT START?

PTAs already exist. They have been around for some time and are already used by over 9 million taxpayers. You can set one up using your current Government Gateway account and your National Insurance number (<https://www.gov.uk/personal-tax-account>)

WHAT IS A PERSONAL TAX ACCOUNT (PTA)?

The PTA is a digital tax service. HMRC will pre-populate the PTA with information that it receives from sources such as banks, building societies, employers, and government departments. In the future it is anticipated that this could be extended to AirBnB, eBay and PayPal.

You can use your personal tax account to:

- check your Income Tax estimate and tax code
- fill in, send and view a personal tax return
- claim a tax refund
- check and manage your tax credits
- check your State Pension
- track tax forms that you've submitted online
- check or update your Marriage Allowance
- tell HMRC about a change of address
- check or update benefits you get from work, for example company car details and medical insurance

More services are expected to be added in the future.

WILL I STILL NEED TO COMPLETE A PERSONAL TAX RETURN EVERY YEAR?

Yes. However, this will not be in the current format. The last Individual self assessment tax return in the current format is expected to be for the tax year 2018/19.

This system will be replaced by a new Annual Declaration. This will use the pre-populated information in the PTA as a starting point. We expect that additional information will be required to be input into the PTA as it is unlikely to be complete. In practice this will be little different from the current tax return process and you may still wish Rostrons to ensure that the information is complete and that all tax allowances and exemptions are being properly claimed in order to reduce your tax bill.

WHAT DO I NEED TO DO NOW?

Don't panic.

Rostrons are "on the case" and are here to make sure that you will be compliant with Making Tax Digital.

If, like most individuals, you will need some assistance with Making Tax Digital, we can help you all the way through the process. We can help as much, or as little, as needed.

We can assist with:

- Setting up your PTA
- Keeping you up to date with new developments on the HMRC Making Tax Digital timetable so that you are forewarned and feel in control of what is happening.
- Preparing annual accounts and tax computations if you are a landlord or self-employed.
- Preparing and submitting your personal tax returns under the current system
- Updating your PTA and Annual Declaration under the new system - just like we currently do with your tax return.

If you would like to discuss this in more detail, please call us on 01603 619166.

Disclaimer

This is our interpretation of information provided by HMRC so far. To date nothing has been written in to law and we do expect that the current proposals will be subject to change both in terms of timings and requirements.