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## **Businesses urged to register for Making Tax Digital before August**

Businesses with an annual turnover above £85,000 are being urged by HM Revenue and Customs (HMRC) to sign up to Making Tax Digital before the 7 August VAT filing date.

Many of the 1.2 million businesses affected by the MTD rules, which became law for VAT periods starting on or after 1 April, will be required to submit their first quarterly VAT return to HMRC using software by the 7 August. If paying by Direct Debit, these businesses must register by Monday 29 July.

MTD was first announced in 2015 and will make it easier for businesses to get their tax right, reducing tax lost due to avoidable mistakes.

HMRC's reminder comes as it reveals:

- At the moment, around 10,000 businesses are registering for MTD every day
- More than 600,000 businesses have signed up in total with some 400,000 submissions already successfully made using software
- Businesses in the agriculture sector (such as farmers) have been one of the fastest groups to sign up to MTD with 50% already registered; and
- The financial sector has been one of the slowest to register with nearly 75% yet to sign up.

**Theresa Middleton, Director of Making Tax Digital at HMRC, said:**

“Now is the time for businesses with an August quarterly filing deadline to sign up and join the hundreds of thousands already experiencing the benefits of MTD.

“During this first year we won't be issuing filing or record keeping penalties to businesses doing their best to comply.”

The MTD rules became law for VAT periods starting on or after 1 April 2019 and require VAT-registered businesses with taxable turnover over £85,000 to keep their VAT records digitally and to submit their VAT return direct from their MTD-compatible software.

HMRC expects MTD to reduce tax lost due to errors, thanks to the improved accuracy that digital records provide and the fact that information is sent directly from software to HMRC. The latest tax gap figures showed avoidable mistakes cost taxpayers more than £9.9 billion last year – £3 billion attributable to VAT alone.

**Notes for editors**

- Making Tax Digital was first announced in 2015 as 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.
- In advance of the rules being introduced, HMRC ran a pilot which around 100,000 businesses joined, allowing them to test the service was working as it should be. HMRC has also engaged extensively with businesses and their accountants to encourage them to get ready and has written to every business affected with information on what they need to do. HMRC is currently sending email reminders to those who have not yet registered.
- Businesses can sign up for MTD on [GOV.UK](https://www.gov.uk). If paying by Direct Debit, businesses should register at least 7 working days before a return is due. If not paying by Direct Debit, businesses can register at least 72 hours (three days) before their return is due. Make sure you have MTD-compatible software and that your last pre-MTD Direct Debit has come out of your bank account before signing up.
- There is a full step by step guide for businesses about registering for MTD on [GOV.UK](https://www.gov.uk)
- HMRC recognises that businesses will need time to become familiar with the new requirements of MTD. During the first year of mandation, we will not issue filing or record keeping penalties where businesses are doing their best to comply. However, sanctions will remain possible in cases of deliberate non-compliance, and in order to safeguard VAT revenue.
- No business will be forced to go digital for their VAT returns if they are unable to. Anyone who is already exempt from online filing of VAT remains so under MTD and there is further provision for those who cannot adapt to the new service due to factors such as age, disability, or location to apply for an exemption.
- Those businesses that are registered for VAT but are below the VAT threshold are also not required to use the MTD service, but can choose to do so.
- Follow HMRC's Press Office on Twitter [@HMRCpressoffice](https://twitter.com/HMRCpressoffice)

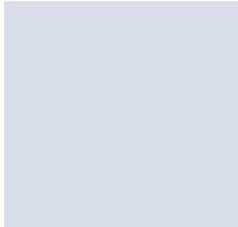
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