



Making Tax Digital FAQ

Following on from our Making Tax Digital Update webinar, please find the questions asked to Thomson Reuters from the attendees with replies.

Abbreviations used

MTD = Making Tax Digital (for Income Tax Self-Assessment)

SA = Self-Assessment

DPT = Digita Personal Tax

DAPA = Digita Accounts Production Advanced

DAP = Digita Accounts Production

DVO = Digita Virtual Office

Q: What is the likelihood of MTD being deferred until April 2025?

A: We have no information to suggest MTD will be deferred beyond its current mandate date of April 2024 (for individuals with Sole Trade and Property income above £10,000 per annum). That said, a number of professional bodies are calling for a deferral. It's worth mentioning that the last time a deferral was announced it was done so in September.

Q: What about customers using DVO? Do we need to migrate to Onvio®?

A: MTD will be built into DPT and customers can continue to have that hosted on DVO. A migration to Onvio is not necessary as clients will remain in DPT.

Q: If we use DPT only, will there be functionality to link data through from other products such as Xero?

A: We will include imports from CSV (Excel) and DAPA in DPT. At this stage we have no plans to import from 3rd parties, such as Xero, directly into DPT.

Q: Will I be able to take income and expenditure from accounts for jointly owned property into two SA returns (e.g., half each)?

A: Yes.

Q: Which products will be able to be imported? e.g., Sage, Xero, Free Agent etc.

A: We don't plan to introduce imports from 3rd party products directly into DPT. We are currently evaluating 3rd party imports into DAPA and Onvio Accounts (when available).

Q: What is the difference between DVO and Onvio?

A: DVO is our hosted platform where desktop software is accessed via the cloud. Onvio is a native web application accessed via a web browser.

Q: Will the CSV import be in a fixed format?

A: We plan to provide a CSV template to import into DPT. Users will be able to manipulate this (subject to rules around digital linking) to suit their own requirements.

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Q: When will the MTD software be available?

A: Our MTD software will be made available in time for the April 2024 mandation date. Before then, in the second half of 2023, we plan to make it available to firms wishing to enrol clients in the HMRC MTD Pilot.

Q: Will you be required to transition to cloud software even if you do not use the quarterly filing solution within DPT/Onvio?

A: MTD functionality is being added to the desktop DPT software. MTD will use elements of Onvio (our cloud software) but existing SA functionality will remain fully on the desktop.

Q: Is Onvio faster to use than the conventional desktop software?

A: MTD is being added to DPT and will use elements of Onvio. Its performance is a high priority for us.

Q: Is the income gross or net to meet the criteria filing under MTD?

A: Gross.

Q: Do we continue to use Digita Personal Tax, or do we switch to Onvio Tax?

A: You will continue to use DPT.

Q: Has HMRC clarified how they will deal with landlords who have multiple property partnerships with various partners? Will they be filing multiple quarterly reports? Will they have to merge their interests (from possibly multiple accounting software packages) to allow for one quarterly report?

A: If held under a formal partnership, the partnership will report the income from April 2025. However, if they are joint owners of a property, reporting their income on SA105 pages, then the income of each of the individual owners will be accounted for in the individual's MTD quarterly submissions from April 2024. The property income sources will be merged into one submission to HMRC, as happens with the SA105 today.

Q: Can you remain using the desktop version of MTD or will you be forced to move to the cloud based Onvio product at some point?

A: For the foreseeable future you can remain using the desktop version. Onvio still remains our long-term vision where all our software will be cloud-based.

Q: If a client uses other software (eg QBO) to do their bookkeeping and quarterly MTD returns, can we still integrate that data and do the final MTD submission using DAPA and DPT?

A: This is something that many firms and their clients have asked us about. We plan to support this but, as of now, HMRC does not (although they do know it's an important requirement).

Q: Will DPT automatically tell you if a client is MTD or still the same SA client?

A: Based on prior year information, DPT will suggest whether a client is MTD or SA. However, you will have ultimate control to set the status for the client, e.g., if you take on a new client and DPT does not have the information to determine the client's status.

Q: Not directly MTD, but is Digita set up to deal with the change in basis period from next year?

A: Yes.

Q: For those of us already using DVO will there be extra cost attached?

A: We have no plans to increase costs because of MTD.

Q: We have a number of non-resident landlord clients some of whom do not have NI numbers (but do of course have UTRs). Does your solution support this as I understand NI numbers are important for MTD ITSA?

A: Currently HMRC's system requires NI numbers for individuals to make MTD submissions. This has been raised as an issue with HMRC's system and must be resolved by HMRC.

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FreeAgent already has the ability for multiple property owners. Does Digita support that?

A: We do support that in DPT for Self-Assessment. We do intend to support that in MTD as well.

Q: If quarterly submissions are made using other software will DPT be able to obtain this information from HMRC?

A: Yes. DPT should be able to extract the information submitted quarterly to HMRC. However, HMRC does not yet support the ability of submitting quarterly data in one software and annual in another.

Q: Will DPT look very different and how will we flag which clients are MTD or SA?

A: For SA clients DPT will be the same as it is now. For MTD clients it will look different since we are using elements of Onvio. Based on prior year information, DPT will suggest whether a client is MTD or SA with the user confirming.

Q: Is this the final decision on your development path?

A: With all the information that is currently available we consider this approach to be the best for us and our customers which we are totally committed to.

Q: How will you deal with a personal tax client that needs to report both self-employment income and rental income under MTD?

A: The client can report both self-employment and rental income using our software. The data will form separate quarterly submissions; however, you will have the option to make both submissions at the same time.

Q: We don't have accounts production on Digita, only personal tax. Will we have to take up a new product for the imports from Xero or CSV file to be functional?

A: A CSV import will be built into DPT but it is likely that 3rd party imports will only be available via DAPA and/or Onvio Accounts (when available).

Q: If Xero already does the quarterly submission what are the benefits of using Onvio/DPT?

A: DPT remains a feature rich solution for all your personal tax clients. If you choose to make the quarterly submissions through other software (if supported by HMRC), you can use DPT to collate that data and make the annual submissions for Sole Trade and Property income along with all other income types.

Q: We don't currently use the Onvio Tax Questionnaire, will this feature be an integral part of the MTD solution and do we need to start building this into our processes?

A: Currently, the Onvio Tax Questionnaire: (OTQ) collects annual data for SA. We will introduce a version of OTQ for quarterly and annual submissions for MTD which meets the digital linking requirements.

Q: Am I to understand that DPT is a delivery mechanism for quarterly and annual submissions, but clients will need additional software for creating and storing their digital records?

A: Yes.

Q: Will tax be payable each quarter?

A: There is no change to when tax is payable.

Q: If you don't use DAP/DAPA will you still be able to import direct (via CSV) into DPT from a bookkeeping package?

A: Yes.

Q: Can quarterly submissions be done from DAPA and DPT?

A: Quarterly submissions will be done in DPT.

Q: Is there any way our clients can use DPT to submit their own quarterly returns?

A: We have no plans to introduce this.

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Q: At the moment, in DPT the “Get HMRC data” is sporadic and works only 50% of the time at best. Are there plans for this to improve?

A: We rely on HMRC services to retrieve the data. Requests from HMRC for MTD data use a different method.

Q: Do we have to get new authorisations for our clients for filing via MTD?

A: If you have an existing agent authorisation for SA, then you can simply transfer those to your Agent Services Account for MTD through HMRC’s system. However, if you do not have an existing authorisation in place, then you can create a new one via your Agent Services Account or via DPT.

Q: It sounds like for MTD this will only be cloud based, is that correct? Is your cloud system called Onvio?

A: MTD is being added to DPT (desktop) but will be re-using elements of Onvio (cloud).

Q: If, at the moment, HMRC only supports one system making all submissions then clients will be unable to play any part in the submissions if we are making the year-end return. Is this correct?

A: At the moment this is correct although HMRC is aware of the requirement for the split workflow (quarterly submissions in one software and annual in another).

Q: What happens when data does not import re pension and employment? It is not 100% successful at the moment. Can you add manually for submission?

A: Yes, if information is missing or incorrect, you can make adjustments to the information received from HMRC.

Q: Are we able to move back to the desktop version from the cloud version as the cloud is so much slower?

A: For the foreseeable future MTD will exist in desktop DPT. It will be using elements of Onvio and its performance is a high priority for us.

Q: Will DPT costs be increased to cover MTD?

A: We are not intending to increase the cost of DPT because of MTD.

Q: If you’re not using an accounting software, how do you put in all transactions into DPT to produce and submit quarterly reports?

A: You’ll be able to import transactions from CSV.

Q: Will DPT track outstanding quarterly returns?

A: Yes.

Q: For clients needing to change their year-end to 31st March, should they shorten or extend their existing period?

A: We are unable to advise on your clients’ position. You may wish to review the transitional rules in place for 2023/24 to consider which approach would best serve your client.

Q: When partnerships come under MTD, will it be the partnership making quarterly submissions or each individual partner?

A: We are waiting for HMRC to provide more guidance on the MTD workflow for partnerships, however, based on the information currently available, it is the partnership that will make the quarterly submissions.

Q: Do we know the breakdown of what needs to be submitted under MTD. Is it basically the headings from the current SA100 for self-employment and rental income?

A: Draft notices have been published which indicate the breakdown of data submitted quarterly will be in line the headings on the SA tax return today, however these regulations have not yet been finalised.

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Q: Can you clarify the process if you have a rental property and a sole trade kept in different bookkeeping software? Will each package make a separate submission or will the quarterly submission be made only via DPT?

A: Currently HMRC does not support the ability to make submissions via multiple software providers. However, HMRC are aware of this requirement and may support this in the future. If HMRC make this change, you will have the choice of making the quarterly submission from different bookkeeping software, and then making the annual submissions through DPT, or making all quarterly and annual submissions through DPT.

Q: Will the CSV file from Sage be uploaded into DAPA or DPT?

A: You will be able to do either. If you choose to import into DAPA (in order to prepare accounts) you will then directly import that data into DPT for the MTD submission.

Q: Will DPT be able to produce the EOPS submission?

A: Yes, DPT will support the end of period statement (EOPS) submission and the final declaration as well.

Q: How do you adjust for Private Usage on the quarterly returns and HP interest?

A: You will submit details of the total expense and disallowable element on a quarterly basis. Other adjustments, such as goods and services for own use, form part of the annual submission.

Q: If you breached the £10k threshold in 2024/25 is the first quarterly submission April 2025 or April 2026?

A: April 2026. The income for the tax year for which the filing deadline has most recently passed is considered. Considering this the other way, if the threshold is breached in 2024/25, that SA tax return is due for filing 31 January 2026 and therefore the tax year starting after that filing deadline, being 2026/27, is when the MTD rules will apply.

Q: For the 64-8 process are all methods of getting agent authorisation the same benefit? We have had an issue in the past where HMRC will not speak to us with only a digital authorisation.

A: An agent authorisation processed via Form 64-8 or through the digital process (HMRC's website) will grant you the same permissions. You may wish to raise this with HMRC if you continue to have problems.