



What is changing within the K8 Product Suite to support Making Tax Digital.

Introduction

Making Tax Digital (MTD) for VAT requires VAT registered businesses with taxable turnover above the VAT registration threshold to keep records in digital form and file their VAT Returns using software. For VAT periods **starting on or after 1 April 2019**, there must be a digital link for any transfer or exchange of data between software programs, products or applications used as functional compatible software.

The difference under Making Tax Digital is that the software which businesses use must be capable of keeping and maintaining the records specified in the regulations, preparing their VAT Returns using the information maintained in those digital records and communicating with HMRC digitally via our Application Programming Interface (API) platform.

HMRC state that if your digital records are up to date, software will be able to collate and prepare your return for you. It will then show the VAT Return to you and ask you to declare that it is correct and confirm that you want to submit it to HMRC. Once you have submitted your return you will receive confirmation through your software that it has been received.

If a set of software programs, products or applications are used as functional compatible software there must be a digital link between these pieces of software.

This digital link is required where the data to be included in any of the boxes of the VAT Return has been prepared within a software program, product or application, and this data is then transferred to another program, product or application in order to submit the VAT Return data to HMRC via the API platform.

Where you are allowed or required to adjust the input tax claimed or output tax you owe according to the VAT rules, you must record this adjustment in functional compatible software.

Only the total for each type of adjustment will be required to be kept in functional compatible software, not details of the calculations underlying them.

If the adjustment requires a calculation, this calculation does not have to be made in functional compatible software. If the calculation is completed outside of functional compatible software then digital links are not required for any information used in the calculation. However using software for all your calculations will reduce the risk of errors in your returns.



K8 Product Update

What is changing within the K8 Product Suite to support MTD

Recognising that these changes come into force for VAT periods starting on or after 1st April 2019, Kerridge Commercial Systems (KCS) has a series of changes planned which will enable your business to submit your VAT Return directly from the application suite. A new desktop application will enable you to integrate directly with HMRC via the published API. Once the VAT Return has been completed within K8, it will be made available to the new program for onwards transmission. This enhancement will address the following requirements;

- **Account Registration** – a facility will be provided to enable you to record the account detail required to submit your VAT Return digitally. Within this Windows-based application, you will connect directly to HMRC to submit your VAT Return.
- **VAT Return Preview** – prior to the completion of the VAT Return within the K8 Product Suite, you will be able to view the summary VAT report on screen. Note that once completed, the VAT Return summary will be available for transmission to HMRC.
- **VAT Adjustment** – a facility will be added which will enable a VAT-only adjustment journal to be processed in the General Ledger to update input or output tax directly. Any adjustments processed will appear on the VAT return Preview..
- **VAT Submission** – as VAT returns must be submitted electronically to HMRC in accordance with the new regulations, this new Windows-based application will facilitate the transmission of the required VAT detail. It will also track successful or failed transmissions, enabling you to control the submission of your VAT Return via the HMRC API.
- **VAT Submission Enquiry** – you can enquire on previously submitted VAT Return detail (as per VAT Return Preview above).

If you require any further assistance with this, please contact your KCS Account Manager who will be happy to help.

Disclaimer: The detail contained within this update is designed to provide a high level summary of requirements and to share our plans, it does not in any way constitute any form of legal or professional advice in respect of Making Tax Digital. If you are in any doubt regarding your obligations under these rules, you should seek appropriate professional advice.

About Kerridge Commercial Systems (KCS)

KCS provides advanced, fully integrated business systems, installation and support services for the manufacturing, wholesale and distributive markets. The company has over 40 years of extensive knowledge and experience of working with wholesalers, distributors and manufacturers across many sectors. The company's class leading solutions are functionally rich and highly flexible.

The KCS product solution set has a track record of delivering wide-ranging benefits including greater operational efficiency, cost savings and resource and asset utilisation, together with real-time information for management decision making.

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