

Making Tax Digital for Individuals

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Factsheet

Making Tax Digital for Individuals

Over the coming years, the government will phase in its landmark Making Tax Digital (MTD) initiative, which will see taxpayers move to a fully digital tax system.

In this factsheet we outline some of the key issues for individuals including the Personal Tax Account and Simple Assessment.

If you would like to discuss how we can assist you, please contact us on 01494 675321 or by email at info@rousepartners.co.uk

Making Tax Digital

Making Tax Digital for Business (MTDfB) was introduced by then Chancellor, George Osborne, in the 2015 Spring Budget. The government's 'Making Tax Easier' document was published shortly after, and outlined plans for the 'end of the tax return'. It also set out the government's vision to modernise the UK's tax system, with digital tax accounts set to replace tax returns for ten million individuals and five million small businesses.

Revised timescales

However, industry experts and those within the accountancy sector expressed concerns over the proposed pace and the scale of the introduction of MTDfB. As a result, the government amended the timetable for the initiative's implementation, to allow businesses and individuals 'plenty of time to adapt to the changes'.

In this factsheet we consider the changes for individual taxpayers.

Making Tax Digital for Individuals

The Personal Tax Account

Personal Tax Accounts (PTAs) are digital tax accounts for individuals that have been created by HMRC, and are pre-populated with information held by it. PTAs are designed to permit individual taxpayers to communicate with HMRC, allowing them to update their financial details and check their tax affairs in real time.

Taxpayers may make use of a PTA to make tax payments, provide bank details to HMRC for tax refund purposes and provide details of taxable benefits from employment: for example, the use of a company car.

Individuals can register for a PTA by visiting www.gov.uk/personal-tax-account. The government predicts that, over time, the requirement to complete and file a tax return will lessen for those with straightforward tax affairs.

Simple Assessment

Under Simple Assessment, HMRC has the power to assess an individual's liability to income tax or capital gains tax, without the taxpayer having to fill out and submit a tax return.

Simple Assessment was introduced in September 2017 and has been extended from 6 April 2018 and may now be used to deal with the tax liabilities of:

- ▶ State pensioners whose state pension is higher than their personal tax allowance where the tax owed cannot be collected via their tax code.
- ▶ Taxpayers with PAYE liabilities who have underpaid tax and cannot have it collected via their tax code.

Taxpayers are required to ensure that the information provided by HMRC is correct, and pay their income tax liability online or by cheque before a specific deadline, as outlined within the letter they receive. If the taxpayer believes the information to be incorrect, customers are given 60 days to contact HMRC.

Those that miss the deadline are encouraged to contact HMRC in order to discuss their circumstances. Individuals who fail to do so may be subject to penalties.

How we can help

No matter your personal circumstances MTD will undoubtedly affect you in the long term. Please contact us for more information on MTD. Contact us on 01494 675321 or by email at info@rousepartners.co.uk

Trusted advice, *imaginative solutions.*

It's the old adage that all accountants are the same, but ask yourself this; what kind of service would most add value to your personal or business position? In our opinion, the quality of advice and service is what separates a good accountant from a great one. This is where Rouse Partners can make a difference for you.

Our award-winning team make it their business to get to know you and your specific needs. Whether your goal is to grow your business, increase your personal wealth or improve your work-life balance, by understanding your challenges, we will address them together.

We also know how important it is for you to have a team that you can rely on for timely advice and reassurance. At Rouse, our people are our most important asset and we will select team members who offer an optimum mix of experience, specialism and knowhow. From your Partner, to your Tax Advisor, each team member will be accessible to you or your team and be proactive in seeking solutions.

At the heart of our way of working is a determination to think differently, to challenge the 'status quo' and to ask 'what if?'. Whether you are facing a complex tax, accounting or management situation, we are ready to find a solution.

Contact us today to discuss how we can support your personal or business tax needs:

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