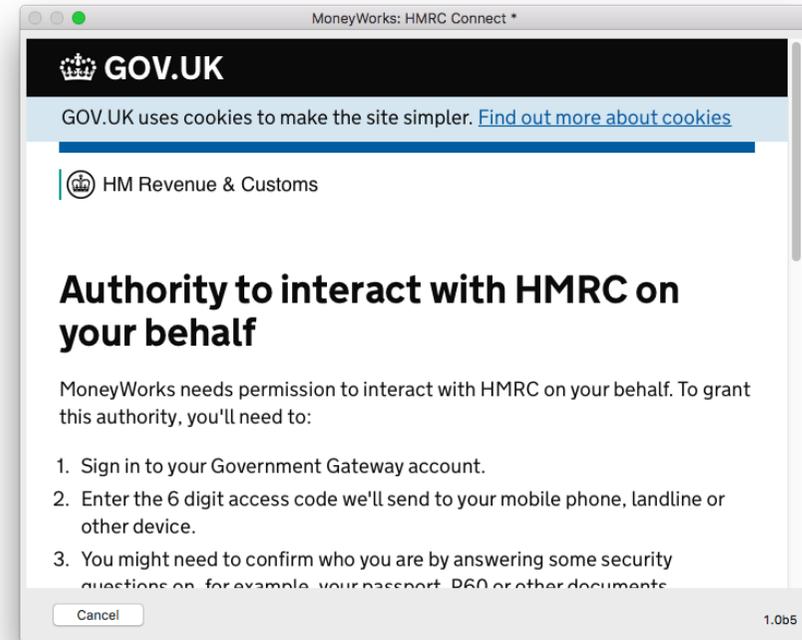


# Making Tax Digital (MTD)

*Making Tax Digital (MTD)* is an initiative by the UK Government to enable organisations in the UK to file their VAT returns electronically direct from their accounting software.

MTD is incorporated into MoneyWorks as an additional step after you have finalised your VAT Report. The results of the latest finalisation are displayed, and can be uploaded direct to HMRC by clicking the *Submit* button. Additionally previous returns can be displayed, as can your obligations, payments and liabilities.

When you first use MTD, MoneyWorks will prompt you to log in to your Government Gateway account so you can grant MoneyWorks access to view and update your VAT details at HMRC.



You will need to successfully navigate this login process before you can use MTD in MoneyWorks.

## Using MTD in MoneyWorks

To start the MTD process, choose *Command>MTD Connect...* to open the *HMRC Connect* window. This may take a few seconds, as MoneyWorks will check the HMRC system and display your VAT Obligations when the window opens.

**Note:** The *MTD Connect...* command is only available to users who have the *VAT Report/Finalisation User Privilege* turned on.

**Note:** You can also connect to HMRC by clicking the *Connect* button in the *Preview of the VAT Guide*:

To connect to HMRC for submitting this via MTD, click Connect (may take a few seconds)

Connect

If this is the first time you have used the MTD Connect command, you will be prompted to enter some required settings:

The screenshot shows a dialog box titled "Script \*" with the following settings:

- HMRC Connect Settings**
- VAT Code:
- EU Code:
- Flat Rate Scheme
- VAT Rate:
- VAT Transaction Type:
- VAT Holding:
- Bank Acct:
- HMRC Creditor Code:
- Buttons: Cancel, OK
- Footer: MoneyWorks MTD 1.0b3: <https://cognito.co.nz>

The following information is required:

**VAT Code:** This is the first character of your VAT codes, normally "V". The report picks up all transactions with a tax code starting with this code (so you can have, for example, a code VR for reduced VAT).

**EU Code:** This is the code (normally "EU") you use for VAT on purchases from other EU countries. All transactions with codes starting with this will be included in the EU VAT calculations.

**Flat Rate Scheme:** Turn this only if you are on the Flat Rate Scheme, and enter your VAT rate into the *VAT Rate* field.

**VAT Transaction Type:** The type of MoneyWorks transaction to make to represent the return to HMRC. You can choose *None* for no transaction, *Payment* for a Payment transaction, and *Invoice* for a purchase invoice (which you will pay later).

**VAT Holding:** This is your VAT Holding account. It should be the same as that used in the VAT Finalisation section of the VAT Report. You need to specify this if you choose *Payment* or *Invoice* for the VAT Transaction Type.

**Bank Acct:** If you make a *Payment* transaction, specify the bank account from which you are going to make the VAT payment.

**HMRC Code:** The creditor code for HMRC if you elect to make a Purchase Invoice. You will need to set up HMRC as a creditor in MoneyWorks; when you submit a return using MTD, a creditor invoice will be created which you can mark off as being paid once you have actually paid your VAT (or received a refund).

If you need to alter your settings subsequently, click the *Settings* button in the *HMRC Connect* window.

## Notes on Flat Rate Scheme

Certain capital expenditure transactions need to be reported in this scheme. To include such transactions (for example the Capital expenditure above 2000 pounds) put the code "FRI" (Flat Rate Include) in the category2 field of the Account record. These transactions are reported only, not included in calculation of flat rate VAT payable. To exclude capital expenditure transactions from the report, use an account code with "FRE" (Flat Rate Exclude) in the account's category2 field. Capital expenditures of less than £2000 for example

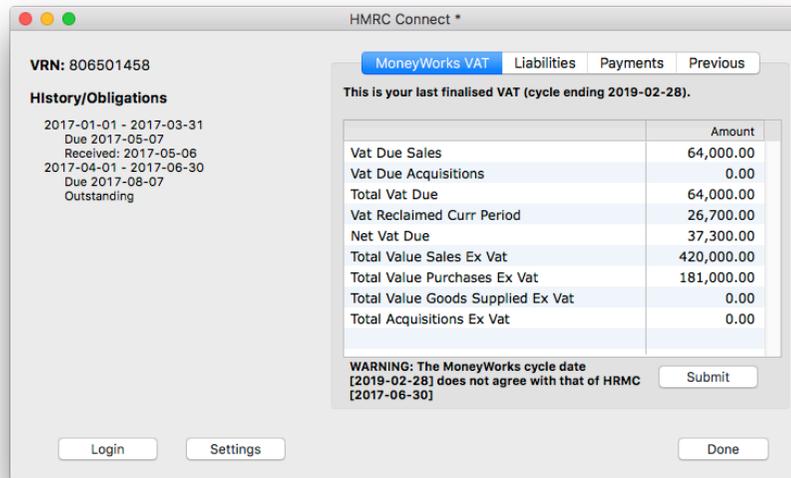
do not need to be reported.

**Example:** If you buy a vehicle for £1500 then this should be coded to a GL account which has the code "FRE" in category2 field, so as to exclude it from the report. Alternatively if the vehicle was bought for say £2500, then it should be coded to a GL account with the code "FRI" in category2, as this is above the limit.

Hence the implementation of flat VAT may require you to have two different account codes (for the same type of item, such as Vehicle) with the codes "FRE" and "FRI" in their category2 fields.

## HMRC Connect window

Information about your latest VAT information, as well as information accessed from the HMRC site, is displayed in this window:

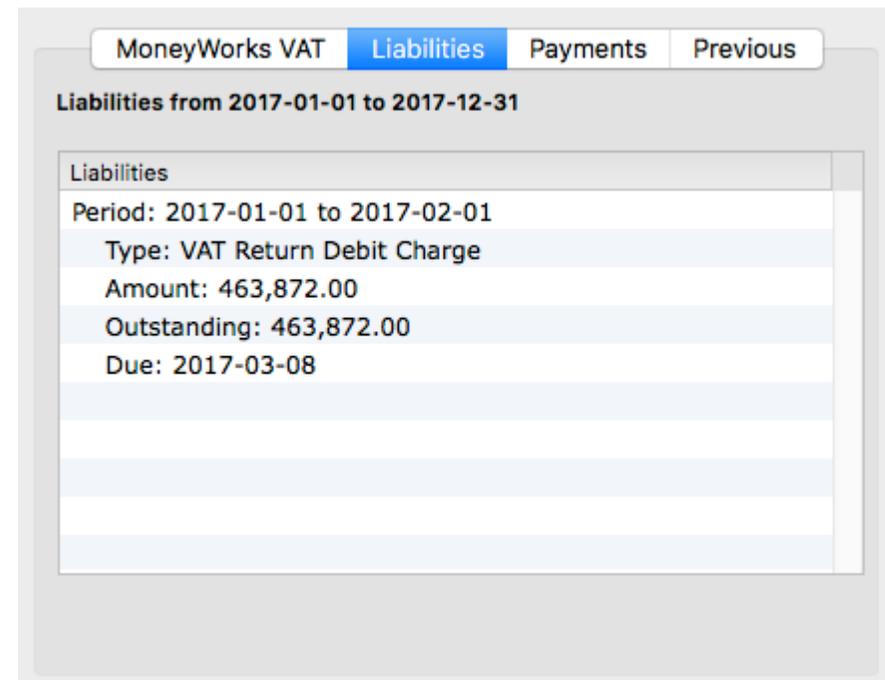


**VRN Number:** This is the VAT number, as specified in Show>Company Details in MoneyWorks.

**History/Obligations:** This information is retrieved from the HMRC site, and shows your history and obligations over the last twelve months.

**MoneyWorks VAT:** These are the numbers from your last Finalised VAT return in MoneyWorks. It is these numbers that will be uploaded to HMRC if you click the *Submit* button.

**Liabilities:** Click on this tab to display your current VAT liabilities as recorded by HMRC. Note that there will be a delay of a few seconds while MoneyWorks retrieves the data from HMRC.



**Payments:** Click on this tab to see your payments as recorded by HMRC. Note that there will be a delay of a few seconds while MoneyWorks retrieves the data from HMRC.

MoneyWorks VAT Liabilities **Payments** Previous

Payments made from 2017-02-27 to 2017-12-21

Payment Date	Amount
2017-02-11	5.00
2017-03-11	50.00
2017-03-12	1,000.00
2017-08-05	321.00
	91.00
2017-09-12	5.00
<b>TOTAL</b>	<b>1,472.00</b>

**Previous:** Click on this tab to view a previous VAT return. Select the VAT period from the *Period* pop-up menu, and click the *View Old* button.

MoneyWorks VAT Liabilities Payments **Previous**

Choose the period for the previous return

VAT Period Ending: 2017-03-31

Previous Return	Amount
VAT RETURN ENDING 2017-03-31	

Note that there will be a delay of a few seconds while MoneyWorks retrieves the data from HMRC. The information from the selected submission (if any) will be displayed in the list.

periodKey	18A2
vatDueSales	1000
vatDueAcquisitions	250.15
totalVatDue	1250.15
vatReclaimedCurrPeriod	252
netVatDue	998.15
totalValueSalesExVAT	15000
totalValuePurchasesExVAT	5175
totalValueGoodsSuppliedExVAT	120
totalAcquisitionsExVAT	10

**Login:** Click this button only if you need to force a re-login to the HMRC system again. MoneyWorks will automatically log you in whenever you choose Command>HMRC Connect, but there may be circumstances when you want to force a new login.

**Note:** MoneyWorks will preserve the login information (a token supplied by HMRC when you first successfully login) across sessions. Clicking this *Login* button will clear this token, and you will need to re-enter your HMRC Credentials.

## Submitting your VAT

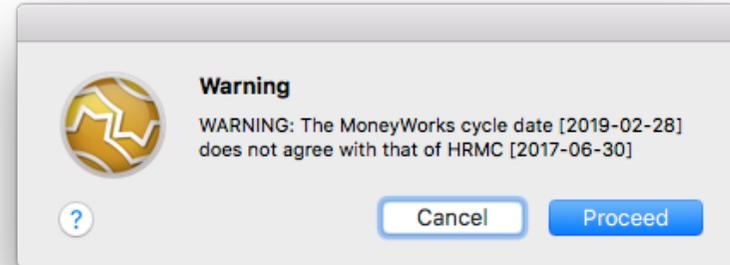
To submit your VAT:

1. Review the VAT information displayed in the *MoneyWorks VAT* tab of the *Connect* window

This is the information that will be sent HMRC, and is based on your last finalised VAT return.

2. If the VAT information is correct, click the *Submit* button

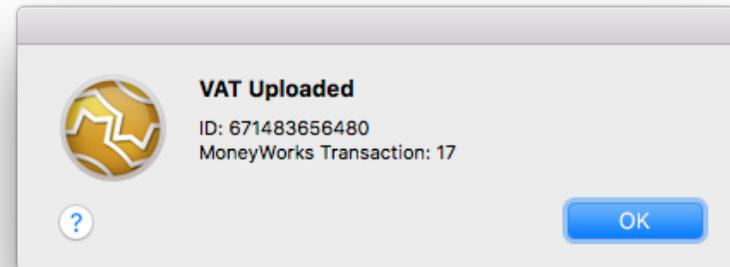
You will be asked for confirmation:



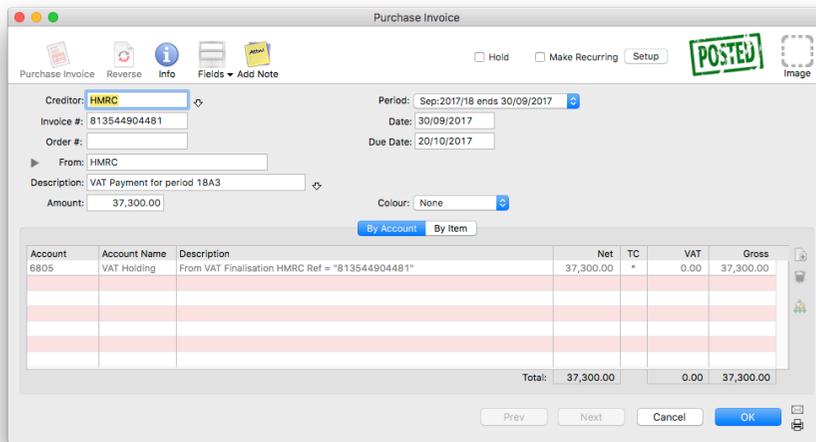
**Warning: When you submit a VAT return electronically you are making a legal declaration. Clicking *Accept&Submit* confirms your acceptance of this.**

Note that MoneyWorks checks that its cycle end date is the same as that expected by HMRC. If it isn't the following alert will display, and you will need to decide what to do (if you submit, it will be use the HMRC period, not MoneyWorks). As an example, you will get this alert if you have forgotten to Finalise your VAT report since you last submitted.

If the submission is accepted, an alert will be displayed showing the HMRC response code (ID), and the reference number (sequencenumber) of the associated transaction created in MoneyWorks if any (you can view this transaction in Entered Today).

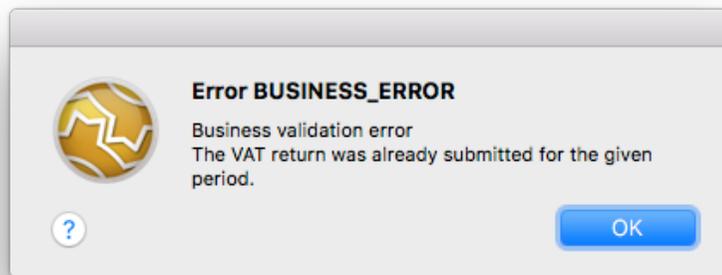


Note that the ID is stamped on the transaction should you need it:



The successful submission is also recorded in the MoneyWorks Log file (Show>Log File).

The submission might be rejected. In this case an alert will be displayed showing the reason that HMRC gave for the rejection.



## Fixing the VAT information

If the VAT information displayed is incorrect, you will need to fix it before submitting the return. You need to locate the incorrect transactions and cancel and re-enter them, or enter any transactions that are missing. In principle you should have done this before finalising your VAT Report, however we all make mistakes!

Because your VAT Report has been finalised, you will need to do a bit of additional work to get these corrections included in your VAT Submission. Basically, having entered and checked and posted the corrections:

1. **Set the VAT Cycle end date in MoneyWorks back to end date of the last finalisation (it will have been incremented as part of the finalisation process).**

This is done in *Edit>Document Preferences>VAT*, where you reset the value of the *Next cycle ends on date*.

2. **Rerun the VAT report.**

This picks up all posted transactions *that have not been previously processed for VAT* and which are dated on or before the cycle end date. In other words it should contain just your corrections.

3. **When you are satisfied this is correct, finalise the VAT Report.**

4. **Now re-run the VAT Report, and this time click the *Load Old* option, highlight the two (or more, if you have been really having a bad day) most recent reports, and click *Use*.**

5. **To amalgamate these individual reports into a single return, turn on the *Use Reprint Figures for Guide Form* option, then print or preview the report.**

This will be a combined report that amalgamates the data in the highlighted reports.

6. **If you now go back to HMRC Connect, or preview the VAT Guide, you should see the revised figures.**

For more information on combining VAT Reports see [Reprinting a VAT Report](#)