



LEWIS BROWNLEE

CHARTERED ACCOUNTANTS & TAX ADVISERS

# ARE YOU READY FOR MAKING TAX DIGITAL?



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## ARE YOU READY?

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Do you keep spreadsheets for your accounting records? Still getting daily till readings and writing them in a book? Not only could this be costing you time, and money, it may not be compliant with Making Tax Digital.

For a one-off fee of **£750+VAT** we will review all your current systems and tell you whether you are currently MTD compliant. If necessary, we will then prepare a report for you setting out what you need to do to be compliant.

We are digital accounting experts, we can improve your systems, install, and train you quickly and efficiently saving you time and money.

## WHAT IS MTD?

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Making Tax Digital (MTD) was brought in back in April 2019 for VAT registered businesses with a turnover above the VAT registration threshold (currently £85,000). All VAT registered businesses trading at or above the VAT registration threshold have been required to keep digital records and submit their VAT returns via software that can directly link to HMRC.

The next phase of MTD was due to be brought in from April 2020 but owing to the pandemic this was pushed back to 1 April 2021.



## THE NEXT PHASE OF MTD

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For periods starting on or after 1 April 2021 businesses trading at or above the VAT registration threshold will now also be required to have 'digital links' in all their record keeping. This means there can no longer be any cutting, copying or pasting of data from one application to another, all data must be digitally linked.

From 1 April 2022 all VAT registered businesses with a taxable turnover below the VAT registration threshold will be required to comply with MTD.

## WHAT IS A DIGITAL LINK?

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HMRC have defined a digital link as the ' data transfer or exchange within and between software programs, applications or products that make up functional compatible software (and these) must be digital where the information continues to form part of the digital records'.

HMRC states that every piece of software must be digitally linked to all other pieces of software used in record keeping creating a 'digital journey'. There needs to be a clear audit trail from all the data recorded in an accounting system all the way through to the submission of a VAT return to HMRC, this audit trail needs to be digitally linked together.

HMRC are bringing this in as it should remove the need for manual intervention and therefore should result in fewer errors being made.



## CLLOUD ACCOUNTING SYSTEM

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A simple way of meeting these requirements will be to hold all your records in a single cloud accounting package that enables the submission of MTD returns directly to HMRC, such as Xero or QuickBooks Online.

All sales and purchase transactions will be recorded in the software and as long as the information input has the correct VAT codes the system will be able to compile a VAT return with no or very little manual adjustments.

## WHY MOVE TO THE CLOUD?

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Cloud accounting is not just a way of complying with MTD, it has numerous benefits allowing you to concentrate on your business.

Lewis Brownlee are Xero Gold Champions and have worked with Xero since 2014, so we were early adopters of cloud accounting and have been massive supporters ever since.

With many Xero and QuickBooks experts in our team, we continue to see on a daily basis how both systems allow businesses to reduce their running costs and streamline accounting processes.

**Read on to find out more about the benefits of a cloud accounting system...**



# BENEFITS

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## 1. SAVE TIME

Features within Xero and Quickbooks, such as bank feeds not only save hours of time, they also create more accuracy by eliminating manual data entry typos and human error. Sales invoices can be sent to clients on the go and can be automated if it's a recurring invoice. Chasing payments can be done with one click, you can even set up automated reminders. Imagine having a system where your bank feeds your data directly into your accounts on a DAILY basis.

## 2. A CLEAR VIEW OF YOUR CURRENT FINANCIAL POSITION IN REAL TIME

Both Xero and QuickBooks have great dashboards which show the bank position, and outstanding invoices due from clients and suppliers to be paid, helping you to see the cashflow position. As sales invoices are created within the accounting system "on the go" and purchase invoices can be uploaded via systems like Hub Doc and Dext the bookkeeping is now more current. No more waiting for the month end to be fully processed to get meaningful information.

## 3. SAVE MONEY

One easy monthly subscription price, and no more software upgrades is a huge advantage to moving into the cloud. Time is money and with automation and less manual data entry the time previously spent on these laborious tasks can now be spent on other areas of your business and growth.

## 4. CERTAINTY OF TAX LIABILITIES

No more waiting until ends of VAT periods for VAT liabilities or year end for corporation tax, with real time information these liabilities can be efficiently planned for, no more nasty surprises.



## **BENEFITS**

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### **5. REMOTE ACCESS FROM ANYWHERE WITH AN INTERNET CONNECTION**

A business owner's life is busy! So you need to be able to access your data on the go. Teams can log in from anywhere that has an internet connection and see the same information at the same time. There's no need to be tied to the office or a specific computer to be able to access and process your accounting data. Cloud accounting provides the flexibility needed wherever you choose to work. Teams can access the accounting data from a mobile or tablet. They can take photos of receipts and upload them to the system as soon as they receive them. With mobile apps available for IOS and Android you can pay your bills on the go, or raise that quote or sales invoice without waiting to get back to the office.

### **6. DATA CAPTURE**

Both Xero and QuickBooks support data capture to ensure you stay compliant with keeping your records digital. Images can easily be uploaded using mobile apps, or alternatively by connecting through an add-on partner such as Dext and Hub Doc – these applications will extract the data from the image and push this through into your accounting records. Storage and fading receipts are no longer a problem and no need to print out those invoices sent via email!

### **7. SHARE AND COLLABORATE**

Xero and QuickBooks allow you to share information with your accountant, business advisors and collaborate with your team instantly. You can have multiple users entering and viewing data at the same time 24/7. You choose who to invite and the level of access they can see. Training and support are now a breeze as we can login and walk through the data together and discuss any problems in real time.

Services Lewis Brownlee can assist you with include:

Audit & Assurance  
Year-End Accounts  
Cash Flow Forecasting  
Management Accounts  
Tax Planning & Returns  
Outsourced Back Office  
Payroll & Benefits-in-Kind  
Virtual Finance Directors  
Virtual Financial Controllers  
Business Advisory & Transformation  
Cloud Based Accounting & App Stacking

If you are interested in any of these services please email:  
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