Pegasus Capital Gold

Checklist guide for switching on MTD for VAT

pegasus

Pegasus Capital Gold (3.80.00)
Checklist guide for switching on MTD for VAT
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Introduction

Making Tax Digital (MTD) is a government initiative designed to transform the tax system and to end the use of the tax return for a great many taxpayers. It is intended to make it easier for businesses and individuals to maintain records and to get their tax correct. Under MTD for VAT, businesses will be required to keep records digitally and send VAT return data to HMRC online.

MTD for VAT comes into force on 1 April 2019 and will apply for most businesses with annual sales over the VAT threshold of £85,000. If Making Tax Digital for VAT applies to you, you'll have to use digital tools to keep records of your income and costs.

Until 1 April 2019 you can use the free Government Gateway for entering your VAT return, but for your first full VAT period after 1 April 2019 you will need to use MTD for VAT software to submit your VAT returns.

You will not have to follow the MTD for VAT rules where HMRC is satisfied of the following:

- The business is run entirely by practicing members of a religious society whose beliefs are incompatible with the requirements of the regulations (for example, those religious beliefs prevent them from using computers).

- It is not reasonably practicable for the business to use digital tools to keep your business records or submit your returns, for reasons of age, disability, remoteness of location or for any other reason.

- The business is subject to an insolvency procedure.

A six-month deferral period will apply to businesses who fall into one of the following categories. These groups will be mandated to use MTD for VAT from 1 October 2019.

- Trusts

- Not for profit organisations that are not companies (this includes some charities)

- VAT divisions and VAT groups

- Public sector entities that are required to provide additional information alongside their VAT return (such as Government departments and NHS Trusts)

- Local authorities and public corporations

- Traders based overseas

- Those required to make payments on account

- Annual accounting scheme users.

For more details please visit www.gov.uk and read these articles:

- [Overview of Making Tax Digital](#)
- [Vat-notice-70022-making-tax-digital-for-vat](#)

Summary of product changes

The following new features have been added for MTD for VAT:

- An option on the *Company Parameters* screen that switches on MTD for VAT at the appropriate time.

- A new *VAT adjustment* option on VAT rates to use when amending VAT Return values at the end of a VAT period.

- A new *VAT adjustment* screen to amend VAT Return values prior to submitting VAT Returns to HMRC. VAT adjustments are included in the VAT Return values sent to HMRC.

- The ability to authorise Capital Gold with HMRC when the VAT Return is calculated to allow VAT Returns to be submitted.

- The ability to submit your VAT Return to HMRC using the new MTD for VAT service 'MTD VAT API' when the VAT Return is committed.

- New reports that list the VAT Adjustments posted and the MTD VAT Returns that have been submitted.

Guide to product changes and frequently asked questions

Visit the Latest News pages at docs.pegasus.co.uk for details of the software changes in Pegasus Capital Gold and frequently asked questions about MTD for VAT.

Software versions

Before using these checklists, make sure the following software is installed:

- Pegasus Capital Gold (3.80.00).

- Microsoft .NET Framework (4.7.2). This must be installed on the computer used to authorise Pegasus Capital Gold with HMRC and make VAT Return submissions using the new MTD for VAT service.

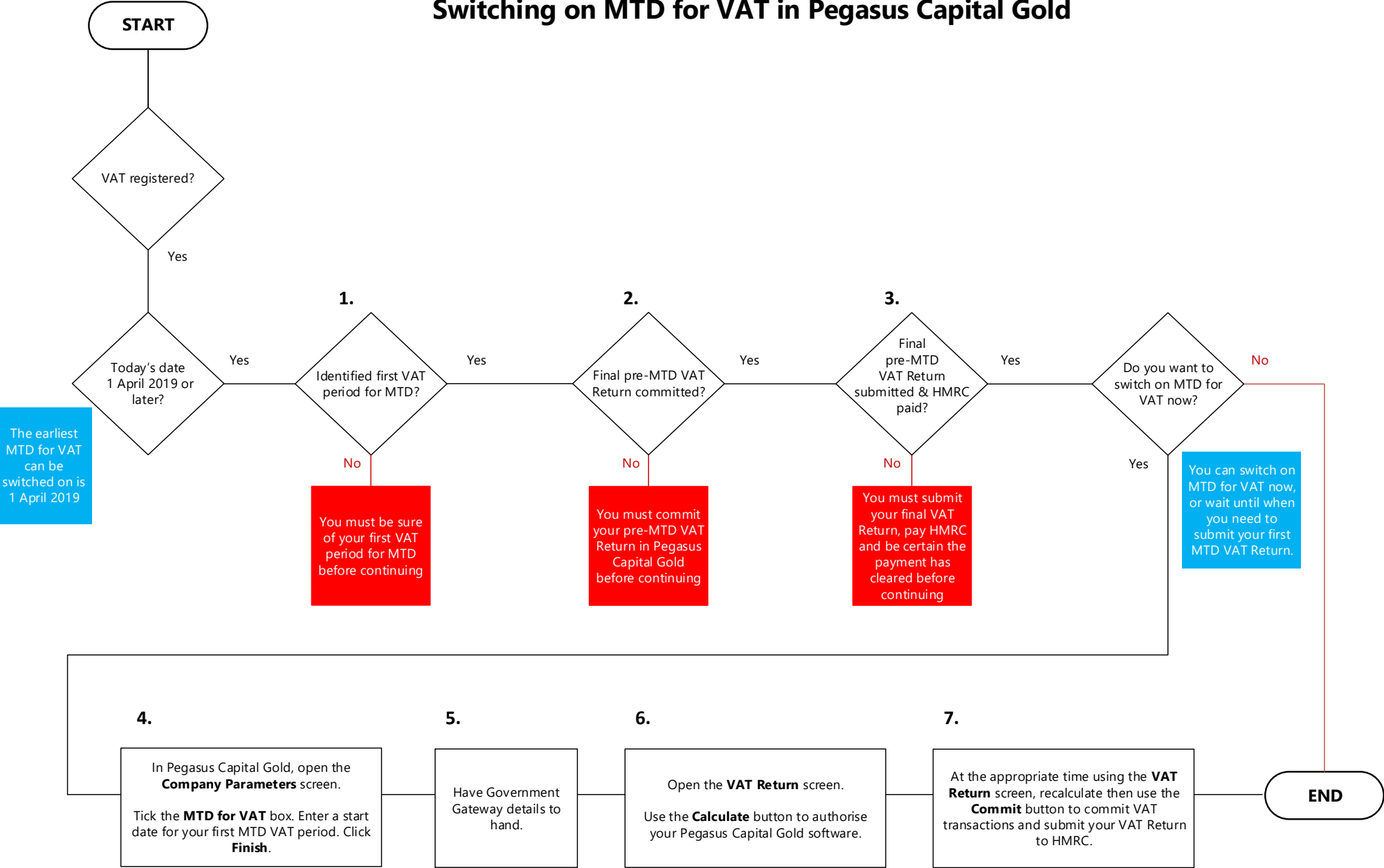# Switching on MTD for VAT in Pegasus Capital Gold

This checklist should be used in conjunction with the flowchart in the next section of the guide.
IF YOU HAVE MORE THAN ONE PEGASUS CAPITAL GOLD COMPANY YOU MUST COMPLETE THE STEPS FOR EACH COMPANY.
You must sign up for MTD for VAT with HMRC before switching it on in Pegasus Capital Gold. The earliest that you can switch on MTD for VAT is 1 April 2019. MTD for VAT rules apply to business from the first full VAT period starting on or after 1 April 2019.

	Before switching on MTD for VAT in Pegasus Capital Gold	✔
1.	Identify your first VAT period for MTD for VAT. You must be sure of your first VAT period for MTD before continuing.	
2.	Commit your final pre-MTD VAT Return using the *Periodic - VAT Return* screen. You must commit your pre-MTD VAT Return in Pegasus Capital Gold before continuing.	
3.	Submit your final pre-MTD VAT Return using the current method and pay HMRC. You must submit your final VAT Return, pay HMRC and be certain the payment has cleared before continuing.	
	Switching on MTD for VAT (*Parameters - Company Parameters*)	✔
4.	We recommend that you switch on MTD for VAT soon after submitting your final pre-MTD VAT Return using the current method and paying HMRC. However, it can be done immediately before you need to submit your first MTD VAT Return to HMRC. On the *VAT Options* page of the *Company Parameters* screen, tick the *MTD for VAT* box and enter a start date. The earliest start date that you can enter is 1 April 2019.	
	Authorising Pegasus Capital Gold with HMRC for MTD for VAT	✔
5.	We recommend that you authorise your software as soon as possible after switching on MTD for VAT. However, it can be done nearer to when you submit your first MTD VAT Return to HMRC. You will need to use your Government Gateway ID to grant authority to Pegasus Capital Gold to interact with HMRC for MTD for VAT. Have your Government Gateway ID to hand before continuing. HMRC will send an access code to your mobile phone, landline or other device. You might need to confirm who you are by answering some security questions on, for example, your passport, P60 or other documents.	
6.	To authorise your Pegasus Capital Gold software, open the *Periodic - VAT Return* screen and click the *Calculate* button. A message is displayed that asks you whether you want to authorise your software. Select 'Yes' and follow the instructions on the screen.	
7.	Once you have authorised your Pegasus Capital Gold software with HMRC, at the appropriate time near the end of the first MTD for VAT period you can calculate your VAT Return, commit VAT transactions and submit your VAT Return to HMRC.	

Switching on MTD for VAT in Pegasus Capital Gold

START

VAT registered?

Yes

Today's date 1 April 2019 or later?

The earliest MTD for VAT can be switched on is 1 April 2019

Yes

1. Identified first VAT period for MTD?

Yes

No

You must be sure of your first VAT period for MTD before continuing

2. Final pre-MTD VAT Return committed?

Yes

No

You must commit your pre-MTD VAT Return in Pegasus Capital Gold before continuing

3. Final pre-MTD VAT Return submitted & HMRC paid?

Yes

No

You must submit your final VAT Return, pay HMRC and be certain the payment has cleared before continuing

Do you want to switch on MTD for VAT now?

No

Yes

You can switch on MTD for VAT now, or wait until when you need to submit your first MTD VAT Return.

4. In Pegasus Capital Gold, open the **Company Parameters** screen.

Tick the **MTD for VAT** box. Enter a start date for your first MTD VAT period. Click **Finish**.

5. Have Government Gateway details to hand.

6. Open the **VAT Return** screen.

Use the **Calculate** button to authorise your Pegasus Capital Gold software.

7. At the appropriate time using the **VAT Return** screen, recalculate then use the **Commit** button to commit VAT transactions and submit your VAT Return to HMRC.

END

Notes

Use this page to take any required notes.