

Make sure you are registered for MTD with HMRC!

How to do this;

- 1) Before you start, you will need your Government Gateway ID and password. These are details that you should already have, in order to submit your current VAT Returns to H M Revenue & Customs (HMRC). You will also need your VAT number.

Please then click on the link below:

<https://www.gov.uk/guidance/sign-up-for-making-tax-digital-for-vat>

The screenshot shows the 'Sign up your business' section of the HMRC MTD sign-up process. It contains two main links: 'Sign up your business for Making Tax Digital for VAT.' and 'Sign up your clients if you're an agent'. Below the second link, there is a note: 'If you're an agent, use the Government Gateway user ID you got when you registered for an agent services account.' and another link: 'Sign up your clients for Making Tax Digital for VAT.'

and **'sign up your business for Making Tax Digital for VAT'**

- 2) If you are unsure of the next step, please contact us. If you are using Xero or have been in touch with us re. updating your software for MTD then the answer to the next two questions is YES!

The screenshot shows a question from the HMRC MTD sign-up process: 'Do you have accounting software for managing your VAT records?'. There are two radio button options: 'Yes, I have accounting software' (which is selected) and 'No, I do not have accounting software'. A 'Continue' button is visible below the options. A small link 'Get help with this page.' is at the bottom.

The screenshot shows another question from the HMRC MTD sign-up process: 'Is your software ready to submit your Making Tax Digital for VAT Returns directly to HMRC?'. It includes a sub-heading: 'Your software must work with Making Tax Digital for VAT.' and a note: 'You must check with your provider that your accounting software is ready to submit your VAT Returns directly to HMRC.' There are two radio button options: 'Yes, my software submits through Making Tax Digital for VAT' (which is selected) and 'No, my software does not submit through Making Tax Digital for VAT'. A 'Continue' button is visible below the options. A small link 'Get help with this page.' is at the bottom.



- 3) Now you need your Government Gateway ID and password. There may be additional security information, that you may need to set up. This is standard procedure if you haven't logged in before via the Government Gateway.
- 4) There will then be a couple of questions, unique to your business;
 - Do you have more than one VAT registered business?
 - What type of business are you registered as?
 - If you're a Limited Company, you will need your Company number and Company's Unique Tax Reference. If you're a Sole trader, you will need your National Insurance number and Date of Birth.

If the correct details have been entered, you should then be able to confirm your business name.

Any direct debits currently in place will need agreement before transferring over to the new system.

An email should then be received within the next 72 hours confirming that as a Company, all future VAT Returns will be filed under MTD.

You are now registered with HMRC, see the next step for ensuring your software is ready!

Authorise Sage Business Cloud Accounting to submit your VAT Returns under MTD

ALTHOUGH AS YOUR ACCOUNTANT WE HAVE ACCESS TO YOUR XERO ACCOUNT, WE WILL NOT BE ABLE TO VIEW YOUR VAT RETURNS UNDER MTD. **PLEASE CAN YOU PROVIDE YOUR VAT NUMBER AND DATE OF VAT REGISTRATION**, WE WILL THEN SEND YOU A LINK FOR YOU TO FORMALLY APPROVE THE AGENT AUTHORISATION REQUEST.

If you've registered with HMRC for Making Tax Digital (MTD) for VAT, before you can submit your VAT Return under MTD you must switch on the MTD functionality in Sage.

Preparation

Before you try to activate the MTD for VAT submissions functionality in Sage, please check that:

- You've successfully registered with HMRC for the MTD.
- All non-MTD VAT returns have been submitted. You can't switch to MTD if you have a draft, waiting or failed VAT return.
- You have the correct VAT number entered in Settings > Accounting Dates & VAT.

<https://www.youtube.com/watch?v=QtIp6T-aakw&feature=youtu.be>

Switch on the MTD functionality in Sage

- Go to **Settings**. In the Financial Settings section, click **Accounting Dates & VAT**.
- **2**. Scroll down to the **Making Tax Digital** section, then click **Authenticate**.
- **3**. Select the **I am signed up with HMRC for Making Tax Digital** check box, then click **Authenticate**.
- **4**. The GOV.UK website opens automatically. To allow permission for Sage to interact with HMRC on your behalf, click **Continue** when prompted.
- **5**. Sign in with your Government Gateway credentials.
- **6**. When prompted, click **Grant authority**.

Once successfully authenticated, a prompt appears in Sage Business Cloud Accounting to indicate this. The authentication lasts for 18 months, after which time you'll then need to re-authenticate again. The next time you go to create your VAT return for HMRC, it will submit under the new MTD system.

Error: We were unable to authenticate with HMRC

If the authentication process fails, you may receive this error message. This can be caused by one or more of the following:

- The company VAT registration number you've entered in Sage Business Cloud Accounting isn't linked to the Government Gateway user ID you authenticated with. To fix this, please enter the correct **VAT number** in Settings > Accounting Dates & VAT.
- You've entered incorrect Government Gateway credentials when authenticating. Please check that the correct Government Gateway user ID or password have been used.
- You haven't been successfully enrolled into MTD. To fix this, you must sign up for Making Tax Digital for VAT with HMRC.