

COMPLIANCE

What's happening with digital tax post-Brexit?

The Making Tax Digital agenda will continue unabated - apparently regardless of Brexit. After months of silence, there are finally some answers.

MAKING TAX DIGITAL

By the end of the next Parliament every individual and UK small business will have a digital tax account. The stated goal is simplification, but as the project rolls out, simple isn't the first word to spring to mind.

The digital tax account - now called "your tax account" - is intended to bring together your details in one place, allowing you to register for new services, update your information and understand quickly and easily what you need to pay, potentially without ever having to complete a tax return again.

Where self-employment or property income is the primary source of income, or is a secondary source of £10,000 or more, there will be a move to regular digital updating of the digital tax account and pay-as-you-go tax payments by 2018.

FUTURE AGENT ACCESS

Currently, we can access your information via our agent online services if we are registered as your tax agent. In the digital model trialled so far, HMRC and you can access the digital tax account, but we have to interface with the client digital account via HMRC digital services for agents (now renamed Agent Services).

HMRC confirmed at its recent Agent Talking Points meeting (see **Follow up**) that the current ability for agents to access information via webpages will cease once the digital accounts are rolled out wholesale. It will instead provide an application programme interface (API) through which in-house or third party software will access features in the client's digital tax account.

OPERATION

HMRC's focus is on pre-population. Clients whose main source of income is subject to PAYE will find their tax accounts pre-filled with information already accessible to HMRC. Our role here will be to review, correct and supply additional figures for secondary income sources and reliefs.

A potential complication here is that the new simple assessment procedure set out in Finance Bill 2016 (see **Follow up**) allows only 60 days in which to check before the assessment becomes final, which is a very short window.

Behind the scenes checks will allow HMRC to monitor access and activity on client accounts. If there is inactivity, HMRC will proactively contact agents to confirm they are still acting.

DIRECT “ADVICE” FROM HMRC

HMRC says that it aims to supply targeted information to clients direct to their digital tax account, including web chat, reminders, and “intelligent help.” This is to control the inward data flow and support taxpayers to avoid preventable errors and stay compliant. Users of digital tax accounts will also be able to access answers quickly and intuitively. However, this could also be used as a means of removing the agent from the equation.

The snag is that tax is complex, and information based on an incomplete understanding of a client’s circumstances may not bring the best solution. So if you follows HMRC’s “advice” and you are unaware of the digital exchange, what happens if you miss out on a better solution that HMRC didn’t (or wouldn’t) tell them about?

The next step

- [Agent Talking Points broadcast](#)
- [Finance Bill 2016](#)