



HMRC's drive towards a digitised future

Digitisation is simply the conversion of text, pictures, numbers and sound into a form that can be processed by a computer. Add to this algorithms and programs that respond to certain criteria and we can start to see where the management of our tax system is drifting.

To aid this process, taxpayers (business owners and property landlords) will eventually – if Making Tax Digital (MTD) is expanded beyond the filing of VAT returns – be required to upload their financial data on a regular basis and this data will be used to generate firstly, computations and estimates of tax and NIC due, and secondly, demands for payment. Apart from the technicians required to keep the IT running, no human hands – apart from yours – will touch a key-board.

Much of the present printed output that HMRC sends in their trademark brown envelopes are computer generated documents: statements of tax due, tax code notices and reminders to pay tax.

There are still help lines, and they are answered by HMRC's staff, but in order to answer your questions they will dial up the data on a computer screen. The days of paper files and monumental filing systems are long gone.

VAT registered traders with turnover above £85,000 will experience first-hand the effects of this march towards digitisation as they start to file their VAT returns using HMRC's MTD linked software requirements for return periods starting on or after 1 April 2019. A similar process is promised for the upload of accounts information – for income and corporation tax purposes – but not before April 2020.

At some undefinable future date all the data required to compute your tax liability and to deal with your payments will be digitised. It will be pushed from third parties (your employer, your bank, and your business accounts software) by direct links to your tax account with HMRC.

All this digitalisation means that HMRC must secure our data and observe the requirements of data management required by the General Data Protection Regulations. If the future is digital, we can only imagine the chaos that would result in the event of a catastrophic data loss by HMRC. We would suggest that you take a look at your data security arrangements. If HMRC did ever lose this data, it would be handy to have secure back-ups of your own to fall back on.

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