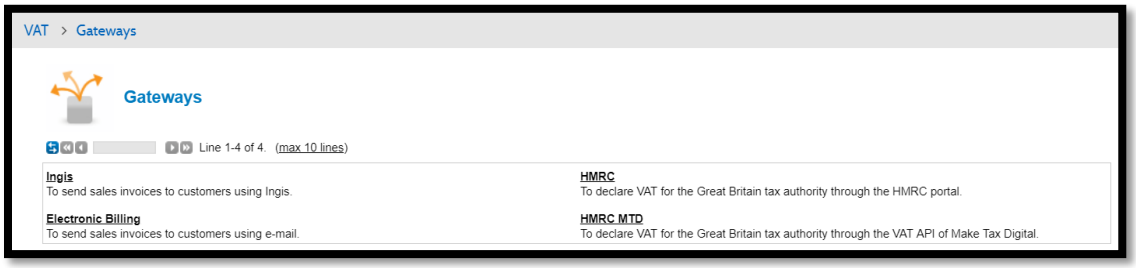
Twinfield and Making Tax Digital (MTD)

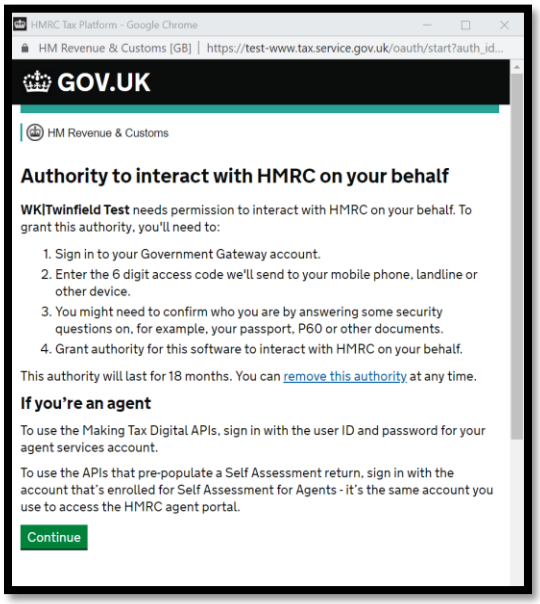
The following instructions explain how to set up your MTD gateway, and how to file your VAT return via MTD.

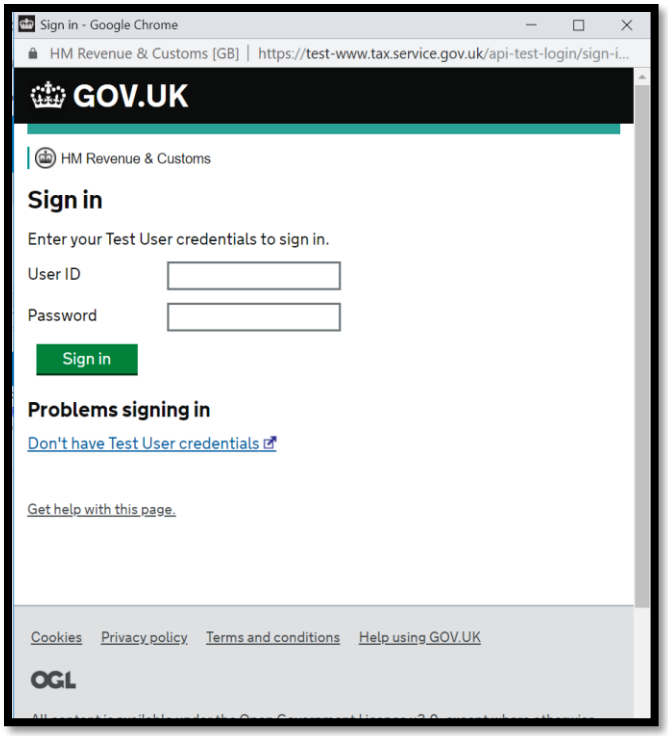
Setting up your HMRC MTD gateway:

- From the VAT menu, select Gateways. You will see HMRC MTD in the lower right of the screen:

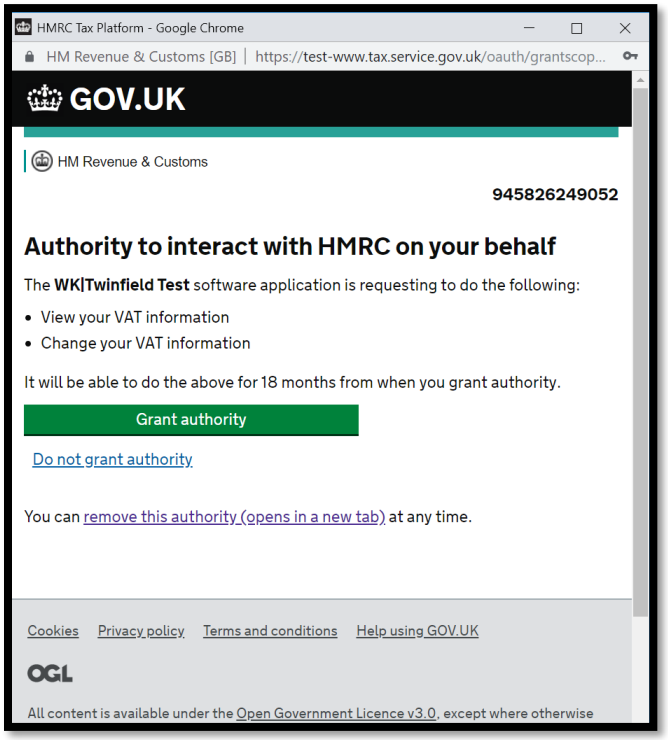


  Note: If your country is not set to United Kingdom in Company Settings, Address Details, the HMRC MTD gateway will not be visible.
- Then click HMRC MTD.
- Enter a code for your MTD Gateway and click Next
- Enter a name for the MTD Gateway and click Save
  A message will be displayed: "After saving this gateway you can use the link HMRC authorisation to display the HMRC MTD authorisation web page". Click OK.
- Click the 'Request HMRC authorisation' link to display the HMRC authority pop-up screen and follow the prompts:



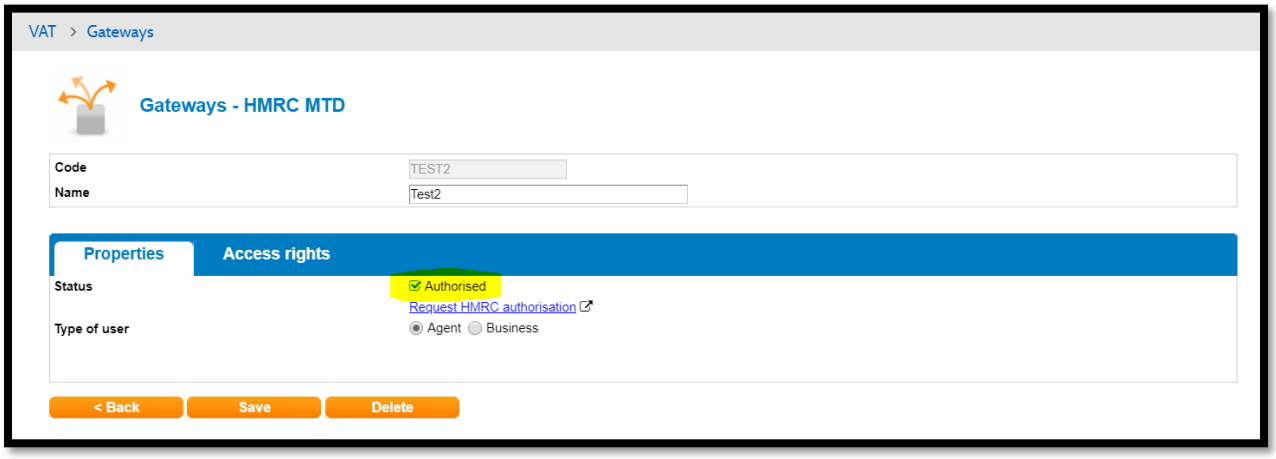


Note: there may be some additional steps depending on your MFA requirements for your HMRC account.



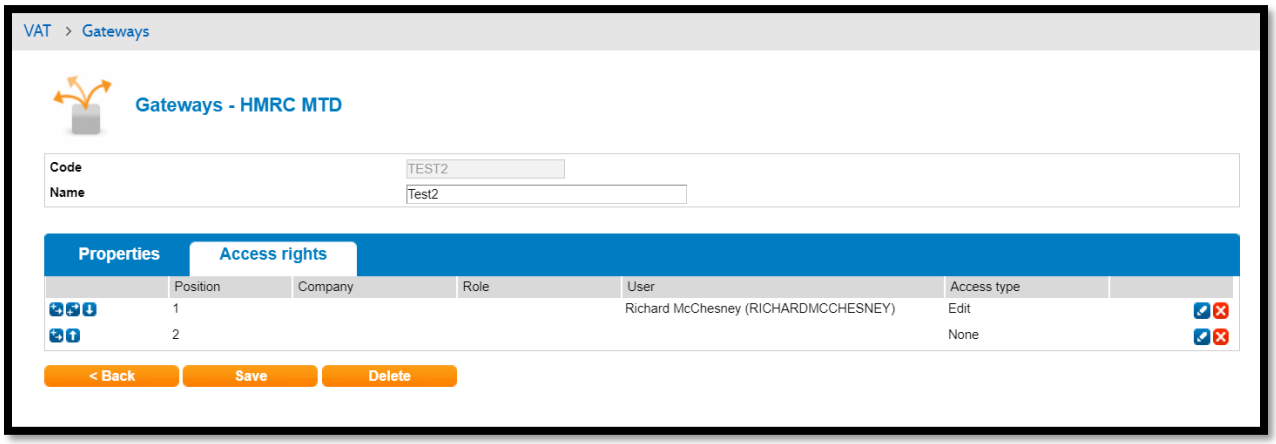
Upon clicking 'Grant Authority' above, the user will be returned to the Twinfield screen and the

'Authorised' checkbox will be ticked:



- Select either Agent or Business as applicable. Selection of this option will control which HMRC declaration message is displayed to the user when they file the VAT return – either the message aimed at the accountant filing the return on behalf of their client, or the message aimed at the business owner/employee filing their own return.

- By default, the new gateway will only be available to the Twinfield user who creates it. Select the 'Access rights' tab to view/edit:



- Recommendation:
  - Give 'Edit' permissions to a second user or a user group (Note: Edit means that the user can both edit and use the gateway.
  - Give 'Use' permissions to applicable users/groups
- Click 'Save' to save the gateway

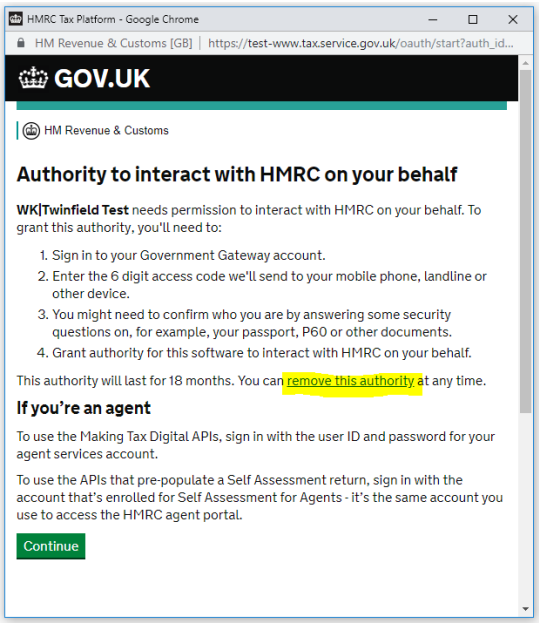
Deleting an HMRC MTD gateway:

Deleting an HMRC MTD gateway is simply a case of selecting the applicable gateway and clicking 'Delete'. Note however, after your first VAT return has been submitted via an MTD gateway, you cannot

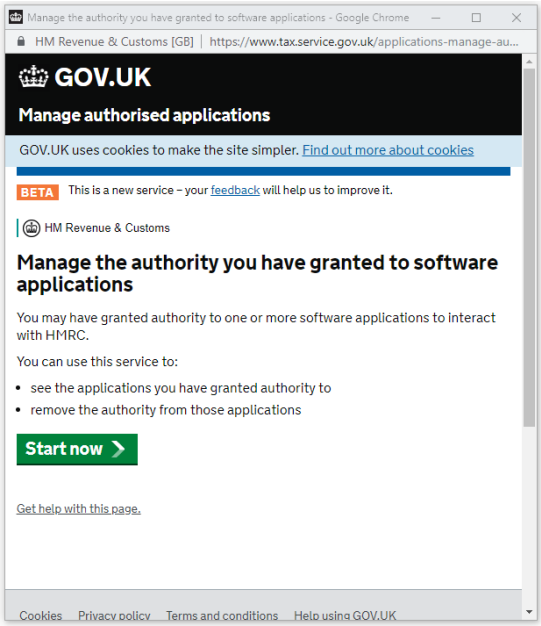
submit any future returns for the respective business via any other method. This is an HMRC requirement. If the business, no longer wishes to be registered for MTD they must completely un-register for VAT.

Removing HMRC MTD authority:

You can remove your HMRC authorisation from Twinfield if necessary. This is done by editing the applicable MTD gateway, clicking the 'Request HMRC authority' hyperlink and clicking 'remove this authority':



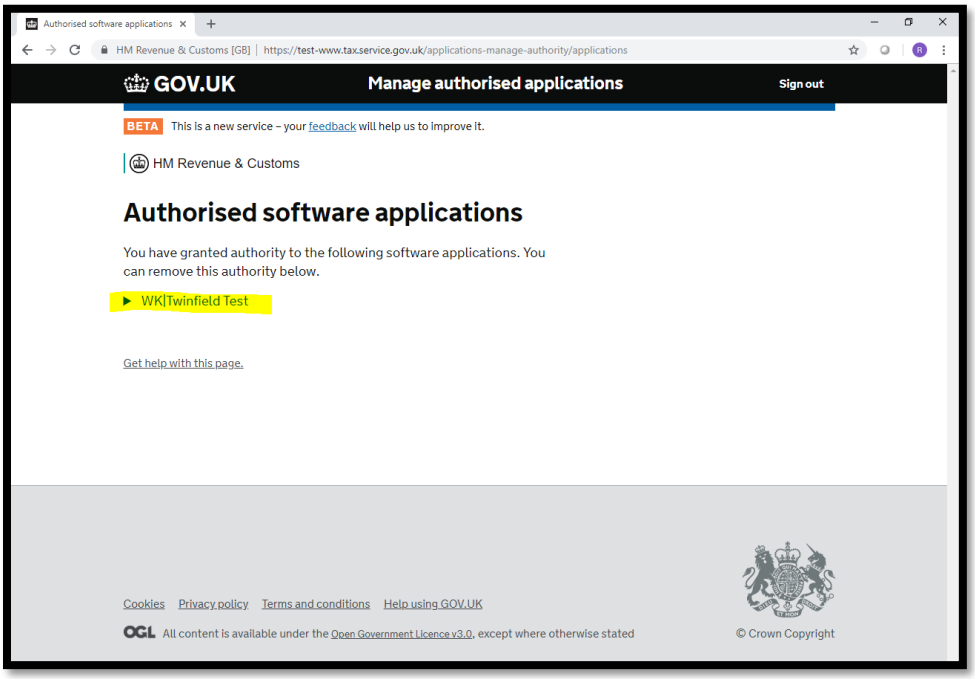
This will take you to this screen:



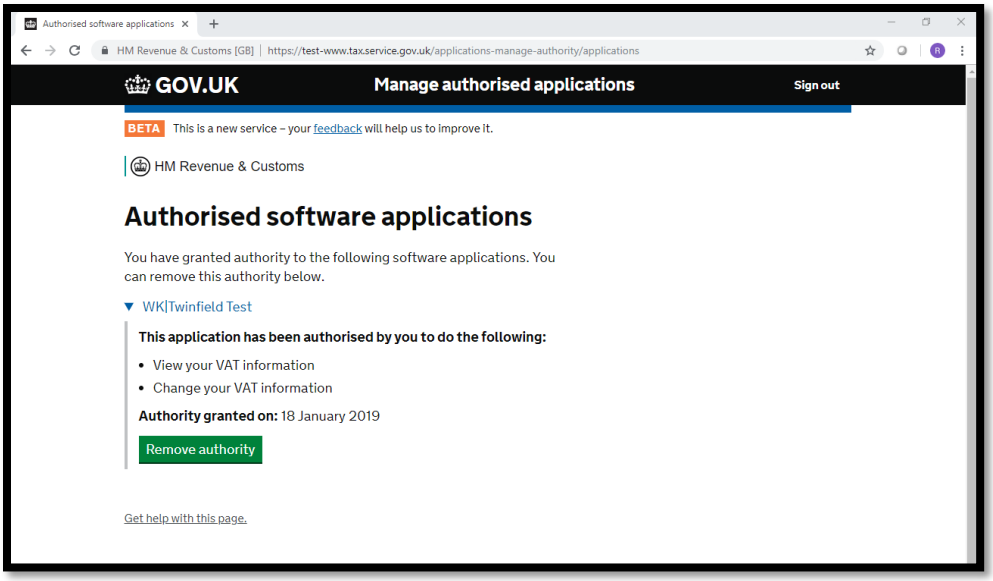
Where you will click ‘Start Now’.

On the next screen you will need to log in to HMRC with your User ID and Password:

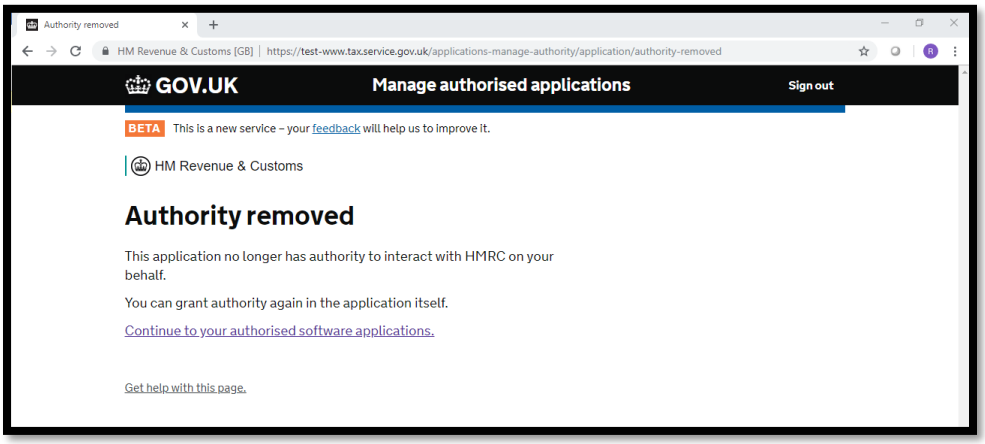
An HMRC webpage will be displayed listing the various software systems that your HMRC credentials are authorised to be used in – in the example below the ‘WK|Twinfield Test’ system:



Click on the software system you want to de-authorise. You will see information about when authorisation was granted and what permissions you have given that software:



Click 'Remove Authority' and on the next screen click 'Confirm'. You will see a confirmation page confirming that the software no longer has authority:



VAT Company Settings:

In order to file VAT returns electronically via MTD you must complete the following company settings (Settings > Company Settings):

Click the blue Company Settings tile and scroll down to 'Taxes'

- Enter your VAT number
- The business name associated to that VAT number (which may be different to the company name you have recorded at the top of the Company Settings screen)
- The VAT Scheme/s that the business is registered for. This is where you will record the applicable VAT scheme/s for the business – for example, Standard, Partial Exemption, Flat Rate, etc.
  This is free format text and is not submitted to HMRC but must be recorded within your bookkeeping software. It is also not used by Twinfield to calculate your VAT. There is a separate field near the bottom of the 'Taxes' section of the Company Settings screen for recording this.
  Note: This field is mandatory for all companies that have access to an MTD VAT gateway.
- Your contact telephone number

- Optionally, you may also record a default VAT Gateway.
  You will note that until you file your first VAT return under MTD, you can still see the old VAT gateways (if you have created them previously). After filing your first MTD VAT return you will no longer have access to non-MTD VAT gateways from within the respective company.

- Include provisional transactions?
  Take the opportunity to update these settings if applicable.

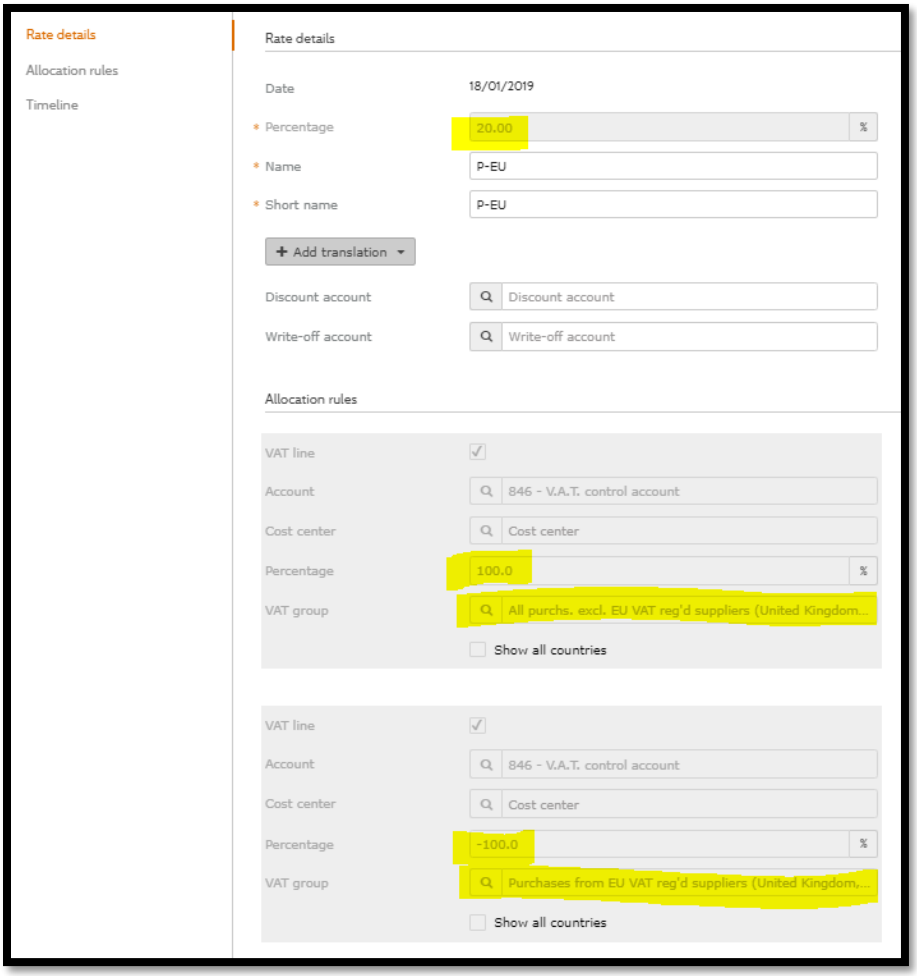
- Other VAT settings
  Also take the opportunity to review these settings.
  Note:
  - Under MTD, VAT calculations made by Twinfield cannot be overwritten, so it is imperative that these settings are correct.
  - All VAT returns must be submitted in GBP currency. The field at the bottom of the Company Settings screen relates to showing VAT in base currency on a Neo sales invoice and is not related to the reporting/filing of VAT.

Ensure that your VAT rate codes are correctly configured:

The following is especially important if you use a Sales or Purchase EU VAT code.

Under MTD rules you are not allowed to edit the calculations made by Twinfield in the processing of your VAT Return. This means that your VAT rate codes must be correctly configured, which they will be for standard sales and purchase transactions. But if you have EU transactions and use the sales or purchase EU VAT rate codes, please check that they are correctly configured.

- Purchases EU
  If your EU purchases are subject to reverse charge you should process the purchase transaction using the P-EU VAT rate code.
  Please check that the code is configured as follows:



  - Rate is set to 20%
  - Allocation rules line 1 is set to +100% posted to the VAT group 'All purch. Excl. EU VAT registered suppliers'
  - Allocation rules line 2 is set to -100% posted to the VAT group 'Purchases from EU VAT registered suppliers'

This will result in your VAT return populating boxes 1, 4, 6 and 7 as follows:

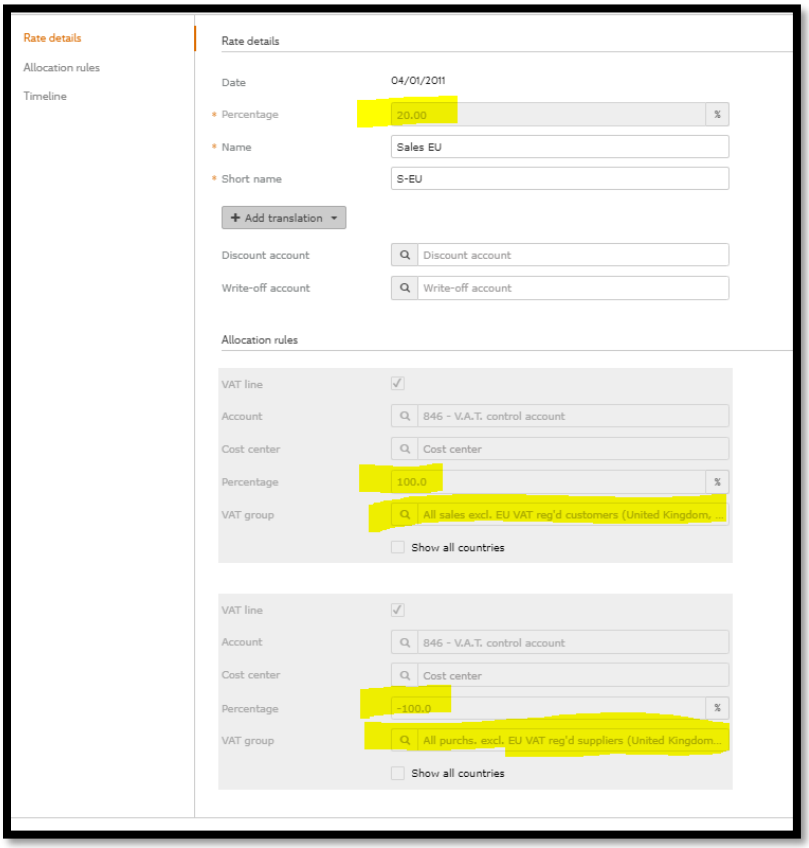
For official use		£	p
VAT due in this period on **sales** and other outputs	1	20	00
VAT due in this period on **acquisitions** from other **EC Member States**	2	none	00
Total VAT due **(the sum of boxes 1 and 2)**	3	20	00
VAT reclaimed in this period on **purchases** and other inputs (including acquisitions from the EC)	4	20	00
Net VAT to be paid to Customs or reclaimed by you **(Difference between boxes 3 and 4)**	5	none	00
Total value of **sales** and all other outputs excluding any VAT. **Include your box 8 figure**	6	100	00
Total value of **purchases** and all other inputs excluding any VAT. **Include your box 9 figure**	7	100	00
Total value of all **supplies** of goods and related costs, excluding any VAT, to other **EC Member States**	8	none	00
Total value of all **acquisitions** of goods and related costs, excluding any VAT, from other **EC Member States**	9	none	00

- Sales EU

  If you use the Sales EU VAT codes, please contact Twinfield Support to discuss. This is because a correctly configured reverse charge sales VAT code will not appear on some sales invoice screens.

  If your EU sales are subject to reverse charge you should process the sales transaction using the S-EU VAT rate code.

  Please check that the code is configured as follows:



- Rate is set to 20%
- Allocation rules line 1 is set to +100% posted to the VAT group ‘All sales excl EU VAT registered customers’
- Allocation rules line 2 is set to -100% posted to the VAT group ‘All purchases excl EU VAT registered suppliers’

This will result in your VAT return populating boxes 1, 4, 6 and 7 as follows:

For official use			
VAT due in this period on **sales** and other outputs	1	20	00
VAT due in this period on **acquisitions** from other **EC Member States**	2	none	00
Total VAT due **(the sum of boxes 1 and 2)**	3	20	00
VAT reclaimed in this period on **purchases** and other inputs (including acquisitions from the EC)	4	20	00
Net VAT to be paid to Customs or reclaimed by you **(Difference between boxes 3 and 4)**	5	none	00
Total value of **sales** and all other outputs excluding any VAT. **Include your box 8 figure**	6	100	00
Total value of **purchases** and all other inputs excluding any VAT. **Include your box 9 figure**	7	100	00
Total value of all **supplies** of goods and related costs, excluding any VAT, to other **EC Member States**	8	none	00
Total value of all **acquisitions** of goods and related costs, excluding any VAT, from other **EC Member States**	9	none	00

Filing a VAT return via MTD:

The process of reconciling VAT will vary from one business to the next and is not discussed within this documentation. Once reconciled however, to file a VAT return select VAT, VAT Return from the menu.

The fields and controls on this screen are as follows (from left to right):

- Grey or red 'X'
  A red 'X' on the left-hand side of a VAT period indicates that you can delete the VAT return. You may want to do this if you haven't yet filed the calculated return and want to make changes to the calculated values by adding additional transactions or editing/deleting provisional transactions.
- Period
  You will see a VAT return for each VAT period in the selected calendar year. You can change calendar years using the scroll buttons immediately above the column headers.
- Status
  - Not created – the VAT return has not been created for the respective VAT period
  - Being created – the VAT is currently being created. During this time, you will notice that the 'X' on the left hand side of the respective VAT period changes to a padlock to indicate that the VAT return is being processed. This process only takes a few moments depending on the amount of data being processed. You can either wait for the status to change, or you can click the 'refresh' button to force your screen to refresh.
  - Created – the VAT return has been created but not yet authorised or submitted to HMRC
  - Authorised – the VAT return has been authorised
  - Sending – the VAT return is in the process of being submitted
  - Rejected – the VAT return has been rejected. The reason for the rejection will be displayed beside the status.
  - Approved – confirmation that HMRC has received your VAT return
- Created – the name of the user that created the VAT return
- On – the date and time that the VAT return was created (note, all times displayed are GTM time)
- Modified - Under MTD a VAT return cannot be edited (modified) but a user can still add comments and upload supporting documents against the values reported in the VAT return. If this happens, the Modified user is the last person who to add comments/supporting documents to the return.
- On – the date/time that the last comments/supporting documents were added
- Sent – The name of the person who submits the VAT return to HMRC
- On – the date/time that the VAT return was submitted
- Payable/receivable – the net amount of the VAT return
- The Asterix '*' icon – if orange, this indicates that you can create a VAT return for the respective VAT period. If grey, you cannot create a VAT return for the respective period.
  Once created, the '*' icon changes to an 'Edit' icon. Clicking 'Edit' will enable you to view the values that will be submitted to HMRC but because MTD does not permit editing of these values, the ability to edit has been removed. If the calculated numbers are incorrect, you may delete the VAT return by clicking the red 'X' to the left of the VAT period, make adjustments in

Twinfield as necessary, and start the VAT filing process once done.
Where/if applicable you can click on any value to add comments and can also upload any supporting information. Please note that comments and supporting information is not submitted to HMRC via the MTD gateway.
Clicking the orange '*' for the applicable VAT period is the first step in creating and filing your VAT return. The fields to the left will be updated accordingly as you step through the icons to the right – see below.

- View Report - you can view and print the actual VAT return in a printable format or save as a pdf for emailing to your client if applicable.
  If the VAT return has been submitted to HMRC, the HMRC receipt and date/time stamp will be shown at the top of report:

VAT number	666964378
Year	2018
Declaration period	Monthly April
Status	Approved
Receipt ID	43279fc8-e338-4d12-a826-f59b37456aa2
Timestamp	2019-02-05 11:05:35

- Authorise – if you have permission (see VAT, Rights in the menu) you can authorise the VAT return. If not, or if the VAT return has already been authorised, this icon will be grey.
  Once authorised, the status field will change to 'Authorised'
- Send - if you have permission (see VAT, Rights in the menu) you can submit the VAT return to HMRC. If not, or if the VAT return has already been submitted, this icon will be grey.
  On submitting the return you will be prompted to select the applicable VAT gateway to use. If this is the first submission of a VAT return under MTD, you will see all available gateways – both MTD and non-MTD. If an MTD return has previously been submitted, you will only see MTD gateways.
  On selecting an MTD gateway you will be prompted to accept the HMRC declaration. The wording of this declaration is slightly different for an agent submitting on behalf of a business to that of a business owner/employee submitting their own VAT return.
  Click OK to proceed or Cancel to return to the previous screen without submitting the VAT return.
  Note:
    - If the VAT period has not been opened by HMRC, you will not be able to submit the VAT return and the status field (above) will be updated to advise this.
    - If you attempt to use MTD authorisation credentials that are not linked to the VAT number for the business that you are submitting the VAT return for, HMRC will reject the VAT return and the status field will also be updated to advise this.
    - HMRC credentials are only valid for 18 months. If your VAT return is rejected because your credentials have expired, you will need to authorise again by clicking the 'Request HMRC authorisation' link in the applicable MTD Gateway.

    - VAT returns must be submitted in the correct sequence. If you attempt to submit a VAT return for a period other than the oldest outstanding period, HMRC will reject the VAT return and the status field will also be updated to advise this.
    - If a VAT return has already been submitted for the selected period, the subsequent submission will also be rejected by HMRC and the status field will also be updated to advise this. This includes any VAT returns submitted manually or via the previous VAT gateway before the business registered for MTD.
    - Upon successful submission of the VAT return, the status field will automatically be updated and the report will display to show the submission reference number.
- Reject – this button should not be used. We recommend that you disable the ability for users to click this button. This can be disabled via the VAT Rights screen.
- Approve – this button should not be used. We recommend that you disable the ability for users to click this button. This can be disabled via the VAT Rights screen.

Submitting multiple returns at once:

The Document Management screen which can be accessed from the VAT menu enables submission of multiple VAT returns as a single process.

Note: HMRC require that the declaration message is acknowledged by the person submitting each return separately. Therefore, if submitting five returns (for example), the message will be displayed five times. The message header will show the name of the business that the submission relates to.