

# Twinfield MTD Webinar 25<sup>th</sup> January 2019

## Questions and Answers

The following is a summarised/consolidated list of questions asked during the webinar and answers to those questions. The questions are in the order they were asked during the webinar with the exemption that duplicate questions have been removed and/or consolidated into another question.

**Q1:** If we have never run the VAT return process in Twinfield, will the first VAT return pick up everything that has been processed historically?

**A:** Yes. I covered this a little in the webinar starting at 25:30, but since the webinar I have had confirmation that this is definitely the case. This means that you MUST create a VAT return for the period before the first MTD return to pick up all historical transactions so that the first VAT return only includes current period transactions.

To create a VAT return for the period prior to the first MTD VAT period, simply follow the process demonstrated in the webinar to generate your VAT return, but do not click the 'Send' button. If you enable a user to 'Approve' the VAT return via the VAT Rights screen, you can then complete the VAT return so that it cannot accidentally be deleted in the future.

**Q2:** Can I still submit multiple VAT returns at once using the Document Management screen?

**A:** We answered this 26:30 into the recorded webinar. The short answer is Yes, but not during the MTD pilot phase as we haven't released that functionality yet.

**Q3:** As an accountant, I have clients that will want to file their own VAT returns. How do I set up the MTD gateway for them?

**A:** We answered this 28:20 into the recorded webinar.

**Q4:** Are agents still able to view/access HMRC confirmation of submission and HMRC VAT return report? Rather than just the Twinfield report.

**A:** Yes, Agents and Businesses can still use their HMRC credentials to log in to their HMRC account to view the status of their VAT returns, payments, etc. We covered this 28:45 into the recorded webinar. Note: In our March software release we will add the ability for you to view the HMRC VAT submission receipt from within Twinfield.

**Q5:** What happens if HMRC reject the VAT return?

**A:** This was discussed/demonstrated at 32:00 into the webinar recording.

**Q6:** How do I remove my HMRC credentials from Twinfield?

**A:** This was discussed/demonstrated at 33:45 into the webinar recording.

**Q7:** How would it work if you have a group of companies and one is partly exempt from VAT

**A:** Firstly, VAT Groups will not be mandated to submit MTD VAT returns until October 2019. Please see [HMRC announcement here](#) (scroll down to the October 2019 segment of the timeline).

Secondly, we will provide another webinar at a later date to discuss how you would calculate partial exemption adjustments within Excel and then either input or import the adjustments back in to Twinfield before filing your MTD VAT return. We will also discuss and demonstrate how to submit a VAT Group return in an upcoming webinar.

We answered this question 34:50 into the recorded webinar.

**Q8:** On sending the VAT return, will the 'Sent' field be automatically updated in Twinfield?

**A:** Yes. At the time of the demonstration there was a minor bug which resulted in the 'Sent' field not being updated. This will be resolved in the next software update.

**Q9:** We operate a 4,4,5 period so the dates never align to the return. When the return includes dates of an open period for example to the 31st December when the 1st December is included in P1, can you process invoices on the 31st December after you have submitted Decembers return?

**A:** We answered this question during the webinar starting at 38 minutes into the recorded webinar.

**Q10:** We have different VAT schemes such as standard, exempt & partial. Will Twinfield MTD recognise these different schemes?

**A:** This was discussed starting at 40:10 into the recorded webinar.

Please also refer to Q11 below.

**Q11:** Does the system support partial exemption?

**A:** Twinfield itself, only supports the standard invoice and payments based VAT schemes. However, the MTD rules allow you to make external calculations outside of a bookkeeping system to account for non-standard VAT schemes, and then to either manually input, or import, those adjustments back into the

bookkeeping system to enable electronic filing of your VAT returns via the MTD gateway. See the '[VAT Notice 700/22: Making Tax Digital for VAT](#)' on the HMRC website for further information about this, and in particular, scroll down to section 7, example 7 where the document discusses the use of spreadsheets to "calculate adjustments such as a partial exemption". This was discussed starting at 41:25 in to the recorded webinar.

**Q12:** How does a journal impact the VAT return for submission?

**A:** When processing a journal that you want included within your VAT calculations, do not code the journal to the VAT control account/s. Instead, when processing the journal, select the applicable VAT rate codes as per the example below:

Destination	General ledger acct.	Cust./supp./Ccr.	Project/asset	Amount	d/c	VAT	VAT amount
Current	0001			4398.00	credit	S-STD	879.60
	Sales summary ac					VAT 201809	5277.60
Current	0001			0.00	credit	S-Exempt 0%	0.00
	Sales summary ac					VAT 201809	0.00
Current	0001			0.00	credit	S-Zero Rate	0.00
	Sales summary ac					VAT 201809	0.00
Current	0002			2773.00	debit	Purchases St	554.60
	Purchases summz					VAT 201809	3327.60
Current	0002			10.00	debit	Purchases Ex	0.00
	Purchases summz					VAT 201809	10.00
Current	0002			15.00	debit	Purchases Ze	0.00
	Purchases summz					VAT 201809	15.00
Current	9999			1925.00	debit	No VAT	0.00
	VAT Summary Jou					VAT 201809	1925.00
				Transactions debit	Transactions credit		
				5277.60	5277.60		
				VAT		Amount	
				Purchases Exempt		0.00	
				Purchases Standan		554.60	
				Purchases Zero Ra		0.00	
				S-Exempt 0%		0.00	
				S-STD		-879.60	
				S-Zero Rate 0%		0.00	
				Total VAT		325.00	
				Remainder		0.00	

We intend to discuss the use of spreadsheets and processing of journal adjustments in a future webinar.

**Q13:** How can I register for the MTD pilot scheme?

**A:** This depends on whether you are a business or an agent. Please use these links for more information:

- For Accountants registering as an Agent we have created this Step-by-Step guide to Making Tax Digital (MTD) for our CCH Software customers. This will provide information that will help you to register for MTD as an Agent:  
<https://wkuktaa.secure.force.com/knowledgebase/servlet/fileField?id=0BE4H000000bqEe>

- For Businesses we suggest that you visit the following HMRC web page:  
<https://www.gov.uk/guidance/use-software-to-submit-your-vat-returns>

You can use the link below to register for the pilot:

<https://www.tax.service.gov.uk/vat-through-software/sign-up/have-software>

**PLEASE DO NOT REGISTER FOR THE PILOT WITHOUT CONTACTING US FIRST.**

At the moment we have only opened the MTD functionality within Twinfield to businesses/agents who have advised us that they intend to register for the MTD pilot. If a business registers for the pilot without advising us, we may not have an opportunity to open this functionality for the respective business before the VAT return due date.

We will open the MTD functionality to all Twinfield environments no later than 1<sup>st</sup> April 2019.

**Q14:** If the client files their own VAT but they are set up on the Accountant's Twinfield environment, do they select Agent or Business when creating the MTD gateway?

**A:** The selection of Agent or Business is required to ensure that the appropriate declaration message is displayed when the Twinfield user clicks the button to submit the VAT return. Therefore, if it is the business that will be submitting the return, the 'Business' option should be selected.

**Q15:** When viewing the numbers on the return, during the process of creating the VAT return, can you export them to excel from the return summary screen?

**A:** No. If you want to export to Excel, you can run the VAT Analysis report (from the reports menu) export this to Excel. If you want to export to PDF, then you can export the VAT return from the VAT return creation screen as shown at 15:40 into the webinar recording.

**Q16:** Is the MTD gateway option already available within Twinfield? I cannot see it on my screen. I can see only the HMRC Gateway option.

**A:** The MTD gateway option exists in all Twinfield environments but is hidden for all Twinfield customers other than those who have advised us that they have registered for the MTD pilot. This is to reduce the chance that someone who has not yet registered for the pilot might create an MTD gateway and try to submit their VAT return via MTD. The MTD functionality will be unhidden for all Twinfield customers no later than 1<sup>st</sup> April 2019.

**Q17:** Do you display the VAT return submission receipt acknowledgment?

**A:** Displaying the VAT return receipt that HMRC send on successful submission of a VAT return was not a mandatory requirement for bookkeeping software, but based on feedback received before, during and after the MTD webinar on 25<sup>th</sup> January we intend to develop and release this functionality before MTD becomes mandatory in April 2019. We will advise once this functionality is available.

In the meantime, the status field for the respective VAT return in Twinfield will only change to 'Approved' if HMRC have accepted the return submission. If it is rejected for any reason, the status field will be changed to 'rejected' with a reason for the rejection, and if it is not received by HMRC the status will remain as 'sending' (until it is received).

**Q18:** Can I get more information on how the VAT is calculated for the return submission in Twinfield?

**A:** Yes. Firstly, from within the VAT return creation screen you can click the 'Edit' button to view the numbers in each of the VAT return boxes, and you can then click the magnifying glass icon to drill down to see how those numbers are made up. You can also run the VAT Analysis Report, and other VAT reports, from the reports menu.

**Q19:** How do I reconcile my VAT before submitting the return?

**A:** Different businesses will have different methods of reconciling and checking their VAT. Usually you will run the VAT Analysis report for the VAT period and check that this matched the balance/s in your VAT control account/s. You may also have other processes that you follow as well. The important thing to recognise, is that under MTD rules, you cannot edit the values that Twinfield calculates for your VAT return. The numbers shown in the VAT boxes must all be based on the underlying transactions.

**Q20:** Will there be a step by step guide for settings, etc, detailing the rights options/settings and their potential impacts?

**A:** Yes, we are in the process of creating new documentation which we will publish in the Twinfield knowledgebase.

**Q21:** You said there is no way to overwrite the figures before sending by the gateway. Is there any other way to adjust the figures for submission, for instance if there are manual adjustments made to the return?

**A:** Yes, you can change the figures by either creating a Journal, purchase, sales posting. If you started the VAT return process and then discovered that you needed to do this, you would click the red 'X' to the left of the respective VAT return to delete it. You would then process the necessary adjustments/ transactions, and then start the VAT return process again.

**Q22:** Could you please explain a bit more as to what we need to do for pilot stage? Is it kind of beta testing?

**A:** Yes, HMRC has opened the MTD gateway for businesses who wish to submit their VAT returns using their software's MTD functionality before they are mandated to do so this – which is for the first VAT period starting on or after 1<sup>st</sup> April 2019.

**Q23:** Our next VAT return (after 7 Feb) will be 7 April. Will we need to use the MTD functionality for this?

**A:** Yes. You will need to register for the MTD pilot if you wish to file any VAT returns for VAT periods starting before 1<sup>st</sup> April 2019. To do this please refer Q13 at the top of this FAQ document.

**Q24:** We are changing our quarterly accounting periods which will result in a short period Jan-Feb, would this cause an issue with Twinfield settings?

**A:** Financial accounting period and VAT periods are unrelated. Within the Tax section of the Company Settings screen you will see the VAT period options of Monthly, Quarterly, or Annual. These are transaction date driven and are not related to your financial period which are set in the Periods screen.

**Q25:** If you have a VAT group, e.g. there are multiple Twinfield entities all occurring VAT under the same VAT number, does the functionality allow for these all to be captured in one return?

**A:** Twinfield has the ability to produce a consolidated VAT report for multiple companies in the same VAT group but does not have the ability to submit that consolidated VAT return electronically via the MTD gateway from within one of the group member companies. Instead, you will need to export the consolidated VAT report to Excel and import a summarised journal into a 'VAT filing' company within Twinfield, or manually enter the VAT summary into a 'VAT filing' company within Twinfield, or you may prefer to use MTD bridging software to submit your VAT return. We will be discussing and demonstrating this in a future webinar. Also, please see Q12 above.

**Q26:** If businesses are not set up for the MTD Pilot, will they need to do anything on 1st April with HMRC or will MTD automatically apply?

**A:** HMRC are in the process of contacting all businesses that will be mandated for MTD to explain the process. The business will be requested to register for MTD. Please note that once a business is registered for MTD, they cannot un-register unless they completely un-register for VAT. Therefore we do not provide the option to revert back to filing VAT using a non-MTD gateway after the first successful MTD VAT submission.

**Q27:** My company has a base currency of Euro. What will I need to do to submit a VAT return via MTD?

**A:** We will demonstrate and discuss this in an upcoming webinar. You will need to export your VAT report to Excel and import a summarised journal into a 'VAT filing' company within Twinfield, or manually enter the VAT summary into a 'VAT filing' company within Twinfield, or you may prefer to use MTD bridging software to submit your VAT return.

**Q28:** We receive payments in advance from customers and don't allocate these to an invoice until the invoice is processed. Twinfield doesn't account for the VAT on outstanding unallocated receipts. How do we handle these?

**A:** You will need to process an adjustment entry for the VAT content of any outstanding unallocated receipts at the end of each VAT period. We will provide an example of how to handle this on our knowledgebase in the near future.

**Q29:** Will you be running any more webinars before MTD goes live in April?

**A:** Yes, we intend to run some webinars focussed on the non-standard VAT schemes, VAT Groups, and a few other complexities that you may need to know. We will publish dates for these webinars as soon as they are confirmed.