Making Tax Digital for Business
SA Guide for Vendors

Version 2.0 December 2017

HM Revenue & Customs

MTDfB SA Guide for Vendors - Overview

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NB - API Code is also held within the Guide to vendors who have been whitelisted

About this Guide

About this Guide

This guide is designed to help software developers/designers understand how your software will interact with HMRC systems and what it will need to do. Product owners and business analysts can also use the guide to further their understanding of Making Tax Digital for Business (MTDfB).

For ease, the Guide is split into a number of different sections, these are;

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The Overarching Vision

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Vision

Making Tax Digital is a key part of the government's plans to make it easier for businesses to get their tax right and keep on top of their affairs.

Every business now has access to their own digital tax account and these are being regularly expanded and improved. HMRC's ambition is to become one of the most digitally advanced tax administrations in the world, modernising the tax system to make it more effective, more efficient and easier for customers to comply.

Keeping records digitally and providing updates to HMRC direct from the software on a quarterly basis (or more often if they choose) will reduce the amount of avoidable errors businesses currently make (and the cost, uncertainty and worry they face when HMRC is forced to intervene to put things right). This streamlined digital experience will integrate tax into day-to-day business record-keeping in a way that gives businesses confidence that they have got it right and provides them with a view of their tax position in-year.

Foundations

1) Better use of information - customers should not have to give HMRC information that it already has, or that it is able to get from elsewhere (for instance from employers, banks, building societies and other government departments). Digital tax accounts for all, and open APIs, will mean that customers can see the information that HMRC holds and be able to check at any time that their details are complete and correct using their chosen software. HMRC will use this information to tailor the service it provides, according to each of our customers' individual circumstances.

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The Overarching Vision

2) Tax in real time - Our customers should not have to wait until the end of the year or longer to know how much income tax they may have to pay. HMRC will collect and process information affecting tax as close to real time as possible, to help prevent errors and stop tax due or repayments owed building up.

3) A single financial account - At the moment most taxpayers cannot see a single picture of their liabilities and entitlements in one place – we are changing that in order to allow customers to be able to see a comprehensive financial picture in their digital account, just like they can with online banking.

4) Interacting digitally with customers - Our customers (and their agents) will be able to interact with HMRC digitally and at a time to suit them. They already have access to a digital tax account which will present them with an increasingly personalised picture of their tax affairs, along with prompts, advice and support through webchat and secure messaging. And digital record keeping software will be linked directly to HMRC systems, allowing customers to send and receive information directly from their software, with nudges and prompts built in to help them get it right..

Timetable

Businesses will not be required to keep digital records, or to update HMRC quarterly, for income tax and National Insurance Contributions (NICs) before 2020 at the earliest. But the MTDfB SA Service will be available on a voluntary basis (a public beta is already in Controlled Go Live and will be rolled out to more customers soon). MTDfB for VAT will be mandatory for businesses whose turnover is above the VAT registration threshold (currently £85,000) from April 2019. It will remain voluntary for VAT registered businesses below the VAT threshold until 2020 at the earliest.

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High Level Design

High Level Design

Around two million small businesses, landlords and the self-employed already use software to manage their affairs. Many are already using apps to regularly record their income and expenses. And so far this year, more than seven million people (around 87%) have filed their Self-Assessment digitally, up from just 39,000 (0.5%) when it was first introduced in 2000.

MTDfB will enable businesses to use record keeping software to record income and expenditure. Businesses can update their software whenever they like, with digital record keeping normally done in close to real time, when or soon after business transactions occur. This expectation will be underpinned by a requirement for subscribed businesses to send a summary update (based on up to date records) every quarter, or more often if they prefer. This will be generated and sent using software or an app.

The new requirement to keep digital records will not include an obligation to make and store images of invoices and receipts digitally. The digital record would need to include the details of the amount, date and categorisation for each transaction.

Software packages will use the Self Assessment (MTD) API to supply the summary data to HMRC and receive a tax calculation based on the information provided and information HMRC holds (e.g. employment data). This means our customers can interact directly with our systems and see a near 'real-time' view of their tax. HMRC doesn't plan to produce its own digital tools and will not endorse any such products produced by anyone else. But we will work closely with and support you to design and develop digital tools that will enable HMRC's customers to comply quickly, easily and securely with their obligations to account for tax digitally. Supporting this key functionality are a range of additional service elements, including Registration, Subscription, Authorisation and Payments. Further details on how these all align can be found in The Customer Journey section.

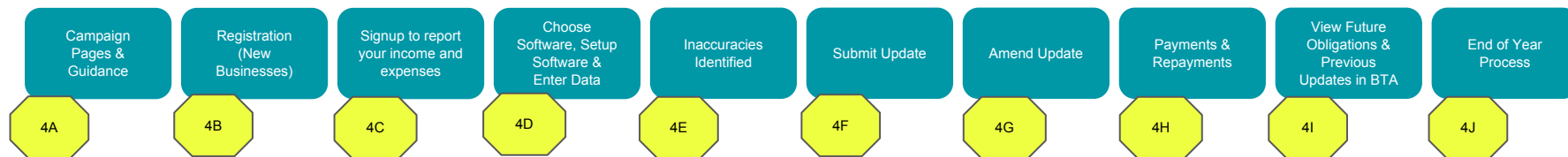HM Revenue & Customs

The Customer Journey

SA Business User Journey

Campaign Pages & Guidance	Registration (New Businesses)	Signup to report your income and expenses	Choose Software, Setup Software & Enter Data	Inaccuracies Identified	Submit Update	Amend Update	Payments & Repayments	View Future Obligations & Previous Updates in BTA	End of Year Process
4A	4B	4C	4D	4E	4F	4G	4H	4I	4J

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Please Note: Future iterations of this Guide may contain additional elements of the service as relevant

We continue to use GOV.UK - the website for the UK Government - as our primary way to provide users with guidance on government services and information. Initially, the guidance will:

- Signpost to a few more detailed, task-based content on GOV.UK (initially: overview of MTDfB, choose software, sign up, payment options etc)
- Help build awareness about what MTDfB means for users and agents
- Signpost to route for customer support (See Customer Support Model section for further details), including how vendors can get in touch with HMRC teams
- Manage users' concerns if not eligible yet, or there's no legal requirement for them yet.
- Help us (HMRC) manage the messages users need to know about over coming months and years - who is eligible, why signing up early might help you, when this will become mandatory etc.

As we make more functionality live, we'll add more task-based guidance onto GOV.UK to ensure that users can continue their journey. For example, 'Sign up to report your income and expenses' 'Choose software' etc.

As MTDfB becomes more mainstream, we'll look to reduce campaign content / presence.

We would like your package to make users aware of the links to the guidance detailed above if they are interested in the service.

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We will deliver, in the new year, a registration service that will allow new self-employed businesses and landlords to register for taxes and sign up to the MTDfB Service; using software and providing quarterly updates from the start of their business lifecycle. This will not be mandatory and if not chosen, existing registration services will remain.

The service will request information about the business (eg name, address, contact details, start of business) and the self-employed person or landlord running it (eg name, home address, date of birth, National Insurance number).

Following successful registration the customer will be informed of their update deadlines.

For the MTDfB-Income Tax release this will mean that self-employed and landlords will have to go through the Personal Identity Check when registering. The Check is the same process shown to users on the Personal Tax Account today, and uses information HMRC holds on the individual.

HMRC will provide registration as an online service through Gov.uk, enabling software developers to provide links to the service in software.

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Sign up to report your income and expenses

4C

We have delivered a sign up service enabling existing SA Service users to move into the MTDfB Service. Any taxpayer wanting to use the software reporting service will have to sign up before first use. Agents are able to sign up an existing client's business.

We will develop supporting content that allows a customer to identify whether they need to first register for tax and then sign up for MTDfB or just sign up only.

Following successful sign up the customer will then be informed of their update deadlines.

The sign up service requests minimal information from the taxpayer (e-mail address, accounting period), reusing information provided as part of identity checking.

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Sign up to report your income and expenses quarterly

4C

Soon the URLs for the individual and agent led sign-up services will be on Gov.uk. These are being managed in private beta currently. We would prefer to link from your software to the guidance pages.

Information collected is the same in both services.

Step 11

- Agent enters accounting period

Step 12

- Agent enters business name

Step 13

- Agent enters accounting method

HMRC provides information to highlight known software so that businesses and agents can choose the right software for them.

There will be a list of known software that are MTDfB-compatible published on GOV.UK.

A business or agent will need to complete authentication with HMRC within their chosen software to obtain their obligation dates from HMRC via an API call.

They will be able to enter transactional level information into their recordkeeping software for anything relating to business income as a minimum.

Software can also provide users with the ability to provide information for non-business income (personal income).

HMRC only require that each package made available to customers complies with the Terms of Collaboration which are accepted before production credentials are issued.

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Choose Software, Setup Software & Enter Data

4D

Once Software has been connected to HMRC a business user can retrieve information HMRC hold about their business, for this software should use either the

- List all self-employment business endpoint - which will provide a list of all the customer's self employment businesses (this is currently limited to one but the functionality to add more will be available later and stated in the Roadmap)
- Get a self-employment business or Get a property Business - which will provide the information HMRC holds for a specific self employment or property business
- Customers can also find out their obligations for their income source, using the following endpoints
- Retrieve self-employment business obligations - which will provide obligation dates for all self-employment businesses, including grace period and whether obligations have been met or not (currently in production customers will only be able to see, previous, current and next obligations not the obligations for the whole year)
- Retrieve all UK property obligations - which will provide obligation dates for their UK property, including grace period and whether obligations have been met or not (currently in production customers will only be able to see, previous, current and next obligations not the obligations for the whole year)

Please note in the future we will look to provide obligation dates for the whole year.

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Inaccuracies
Identified

4E

HMRC are aware that errors are made by customers through poor record keeping and at the point of entering data when completing their tax returns.

We would like to make users aware of these errors at an early stage, and provide potential guidance to help them resolve these issues before the end of the year. Improved record-keeping is a key objective of MTDfB.

We have identified the most common entry level errors made by customers.

It is our intention where possible to provide software vendors with information about these errors and the corrective advice, so vendors can build these messages into their packages.

We are investigating 2 methods to potentially work with software providers to provide this support to our customers:

- Business Validation Rules (BVRs)
- Supporting / Targeted Intervention

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Inaccuracies
Identified

4E

Business Validation Rules (BVRs) are data integrity or data quality checks applied to business information content submitted by third-party applications via the MTDfB Software APIs.

These are rules that contain a formula or expression that evaluates the data in one or more predetermined business fields and returns a value of "True" or "False

They are distinct from technical validation rules which check syntax, structure and data types to prevent corrupt, incomplete or badly-formed data entering the estate.

BVRs ensure that customer-supplied information is self-consistent, meaningful, within expected bounds and as complete as it needs to be.

If customer-supplied information violates a BVR it may result in an error or a warning. One or more errors will result in the failure of the associated API call and rejection of all the data content (as would any technical validation rule failure).

Warnings will typically require the customer to take remedial action at a later point to avoid potential errors in future.

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Inaccuracies Identified

4E

Supporting / Targeted interventions could either be:

- Supporting messages that advises the user of areas of taxation that have a high rate of error attributable to them and provides routes to potential guidance
- Targeted messages that flag potential mistakes made by the user to the customer based on an assessment made by HMRC.

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Submit Update

4F

Users of software packages that connect to the HMRC Developer Hub APIs will be required to give their software permission to interact with their data and HMRC.

For the user of the software, this means granting the software the authority to interact with HMRC on their behalf - for a set of functions or 'API scopes'.

It is up to the software to include all the scopes they want the user to grant for in their authorise call - this is fully explained in the authentication section of the Developer Hub - https://developer.service.hmrc.gov.uk/api-documentation/docs/authorisation

The user will be presented with a set of 'scopes' which they grant.

If the user grants permission the software will receive an authorisation code that can be used to gain an oAuth access token for that user and a refresh token. The access token expires periodically and must be refreshed. After 18 months the access token fully expires and the end user must grant authority again.

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Submit Update

4F

Once a Business or agent has completed authentication and granted access to the software, the software can then use our APIs to request the information the user has provided at subscription and to find out the user's update obligation dates. The software should then make customers aware of their obligations within the package.

Businesses, and Agents who represent them, will be required to provide summary level information of their business income and expenses (transactional information to be kept digitally) on a quarterly basis or more often if they choose.

The software package will need to convert the transactional information into summary totals for each category (e.g. expenses by category)

HMRC will provide the API to enable software to be able to send the summary information to HMRC for each income source and allow HMRC to provide a calculation based on all the information we have received to date.

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Submit Update

4F

The service will include a number of business validation rules to ensure that all submissions are cross validated before being accepted. HMRC cannot however apply these rules without knowing that no further submission APIs will be sent by the customer (for the period being validated).

Therefore once all information has been submitted to HMRC, software must use the trigger calculation API to inform HMRC that the user has finished submitting their information. As a response HMRC will provide a calculation ID.

Note that this does not mean the customer has to declare that the submissions are 'complete and correct' (i.e. there is no 'accuracy' statement required at this point), only that the customer must indicate that they don't intend to provide any additional information at this point. There is nothing to stop them providing additional information anytime by resubmitting the update period with amended information.

The calculation ID will include:

- A 'Year to Date' estimated liability (which will total all period calculations to give an up to date view of the estimated liability)
- The Delta figure (which will be the difference between the current YTD and previous YTD figure.
- A breakdown of how the estimated liability has been reached, which will at a minimum be the equivalent to an SA302

In time, as part of the Calculation output we will also include a forecast of what the customer's liability is likely to be at the end of the year and the ability for the customer to be able to amend that forecast.

Software should use that Calculation ID to call the Retrieve a tax calculation API to get the result of the calculation.

Software can then call the relevant Get obligations APIs to establish whether or not the customer's' obligation has been met.

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Submit Update

4F

When a customer wants to send an update for a self employment or property business, software will need to provide summary totals for any income or expenses by category (mandatory quarterly) and allowances and adjustments (mandatory annual). Software will need to use the following: endpoints for each relevant source of income.

For three monthly updates

- **Create a self-employment update period** - this creates the update period and enables software to provide the summary totals of income and expenses for that specific self employment business (this could be as little as a day or the whole 3 month obligation period)
- **Create a Furnished Holiday Lettings (FHL) property period** - this creates the update period and enables software to provide the summary totals of income and expenses for FHL property income
- **Create a non FHL property update period** - this creates the update period and enables software to provide the summary totals of income and expenses for non FHL property income

A customer can provide information as frequently as they like, however there are a couple of validation rules that apply

1. Each update period cannot overlap the previous one e.g.
    a.   Update 1 - 6th April - 1st May - Accepted
    b.   Update 2 - 2nd May - 31st May - Accepted
    c.   Update 3 - 28th May - 6th June - Rejected

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Submit Update

4F

For annual updates these are mandatory annually but we have provided the functionality for customers to provide more frequently if they choose.

- **Update a self employment annual summary** - this enables the customer to provide any information about allowances and adjustments they might want to provide during the year to get a more accurate calculation
- **Update a non FHL property business annual summary** - this enables the customer to provide any information about allowances and adjustments they might want to provide during the year to get a more accurate calculation
- **Update a FHL property business annual summary** - this enables the customer to provide any information about allowances and adjustments they might want to provide during the year to get a more accurate calculation

Checking if an obligation has been met

Once your customer has finished sending all the information for that period and you have retrieved the calculation. You can then check whether the customer's obligations have been met. **Please note** it can take up to an hour for the results to be confirmed.

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Amend Update

4G

If a customer wants to make an amendment to a previously submitted update they should use the following endpoints

For all quarterly updates including self employment, FHL property business and non-FHL property business -

- Businesses' software will have to resubmit the amended summary totals for the specific update period (i.e. the dates of the update period have to match exactly)
- When a business resubmits an update period, the software will have to use the **trigger calculation** API and follow the same process as the submitting an update period process.

For all annual summary updates including Self employment, FHL property business and non-FHL property business -

- A business will have to resubmit the amended summary totals for self employment. The nature of this obligation means there is no need to create separate update periods.
- Where a business resubmits an annual summary update, the software will have to use the **trigger calculation** API and follow the same process as the submitting an annual summary update process.

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Payments & Repayments

4H

HMRC would like vendors to present messages to Business users at key points in their journey that give them the option to make payments ahead of any obligation date to help spread the cost. Likewise we will help deliver functionality that allows vendors to make users aware of payment dates.

There are multiple ways to make a payment for the Self Assessment regime, so we have listed them all on GOV.UK at https://www.gov.uk/pay-self-assessment-tax-bill and advise vendors in their messaging to ask customers to visit that link so the customer can make a payment in the method that best suits them.

With the arrival of MTDfB-SA the contents of this GOV.UK page are subject to change. Likewise the URL may change in which case we will update the link above.

In order for a Business to see what previous payments they have made to HMRC, we would like vendors to present messages at key points in their journey that encourage them to visit their Business Tax Account.

The login page is https://www.tax.service.gov.uk/gg/sign-in?continue=/business-account and we advise vendors in their messaging to ask customers to visit that link.

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HMRC believe that some Businesses and Agents may wish on occasion to view previously submitted updates.

We would therefore encourage vendors to make available within software products the ability for a user to view these previously submitted updates.

Vendors can also direct users to visit their Business Tax Account to see this information. The login page is https://www.tax.service.gov.uk/gg/sign-in?continue=/business-account.

From 14 August 2017, if a user is subscribed to Making Tax Digital and a submission has been made using third party software (by them or their Agent), a user can log into their Business Tax Account and view information such as obligation periods and in-year tax estimates.

The vision is that the Business Tax Account will also display an end-of-year forecasted tax liability, along with other features that will be added within the near future.

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View Future Obligations & Previous Updates in BTA

4I

The Business Tax Account uses public-facing API's to display the following information:

- Reporting obligations, and their status, per income source.
- Tax estimates
- Year-to-date income tax calculation
- End-of-year forecasted tax liability

User Research will continue and further iterations will be made, this will enhance the functionality of the Business Tax Account and help to improve the user's experience. This will mean using both micro services and API's.

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The End of Period Statement (EOPS)

This is the process that allows the customer to finalise their business income. A customer must complete an EOPS for each source of business income (the equivalent of the current SA103 and SA105 forms) E.g. if a customer has a self-employment business and a property business then they will have to complete 2 EOPS one for each source of income.

The EOPS is linked to the accounting period for each source of income and cannot be completed until the end of the accounting period. However the customer does not need to complete it until 31st January Year 2. Please note in the future we will look to provide obligation dates for the whole year.

The process will take into account all the periodic and annual data already provided by the customer throughout the year. The customer should make sure they are happy with the information they have already provided and add any additional information they have. This is likely to be annual adjustments and allowances. At this point you may want to retrieve the last calculation for your customer to see but it is not essential for the process.

Once the customer is happy with everything they have provided, they can send the declaration to notify HMRC that they are finalising that income source.

Note - the Declaration is the only new API for this process, the exact text HMRC requires you to playback will be confirmed in the near future.

If after the customer has submitted their EOPS they would like to amend any of the information then they must make the change to the relevant periodic or annual summaries, then follow the existing process of submitting the periodic update and triggering the calculation

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4J

End of Year Process

Crystallisation

This is the process that allows the customer to finalise their end of year position. This includes any business and personal data they need to provide to HMRC to reach their final tax liability for a specific year.

In order to crystallise a customer **must** have completed any EOPS relevant for that tax year. If the EOPS has not been finalised with a declaration then a customer will not be able to crystallise.

When a customer is ready to crystallise they will have to let HMRC know that they intend to crystallise. This will involve providing any additional information for their entire income, e.g. interest, dividends other SA schedules. If they do not have any additional information to provide they will still need to confirm that they have none.

Customers will also be asked to review and confirm all of their non-financial (personal and business designatory) data, making any amendments as necessary (the ability to change this information will be available in the new year)

Note - a customer will not be able to crystallise until they have followed the above steps.

Once the customer has provided their additional information and confirmed the designatory data they will need to review the final calculation. The customer **must** view the calculation before they declare. To ensure they accept the liability calculation.

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4J End of Year Process

Crystallisation

Once a customer is happy with all the information they will have to agree a declaration and send it to HMRC. The Calculation ID of the one they agreed **must** be sent back to HMRC with the declaration.

If a customer wants to make an amendment following crystallisation they have until 31st January year 3 (or 12 months after the submission deadline if later than 31st Jan) to make them (as with the current process) The customer will make amendments to the relevant information in software and resubmit the relevant periodic or annual return, they will not have re-declare.

Please note the exact details on the APIs has not been finalised yet. More detail to follow in the new year.

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The Customer Journey

SA Agent User Journey

Campaign Pages & Guidance	Creating an agent services account Including linking SA clients	Authorisation service (adding or remove client)	Agent Registers Client (New Client)	Signup a Client to quarterly reporting	Choose Software, Setup Software & Enter Data	Inaccuracies Identified	Submit Update on behalf of Client	Amend Update	End of Year Process on behalf of Client
4K	4L	4M	4N	4O	4P	4Q	4R	4S	4T

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Please Note: Future iterations of this Guide may contain additional elements of the service as relevant

Campaign Pages
& Guidance

4K
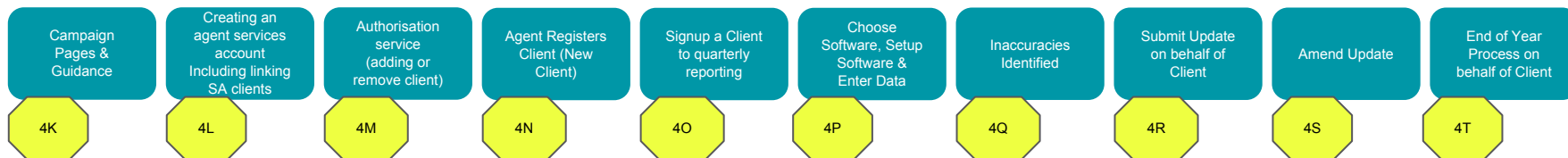
We continue to use GOV.UK - the website for the UK Government - as our primary way to provide users with guidance on government services and information. Initially, the guidance will:

- Signpost to a few more detailed, task-based content on GOV.UK (initially: overview of MTDfB, choose software, sign up, etc).
- Help build awareness about what MTDfB means for users and agents
- Signpost to route for customer support, including to get in touch with HMRC teams
- Manage agent concerns if not eligible yet, or there's no legal requirement for them yet.
- Help us (HMRC) manage the messages users need to know about over coming months and years - who is eligible, why signing up early might help you, when this will become mandatory etc.

As we make more MTDfB functionality live, we'll add more task-based guidance onto GOV.UK to ensure that users can continue their journey. For example, 'Sign up to report your income and expenses quarterly' 'Choose software' etc.

As MTDfB becomes more mainstream, we'll look to reduce campaign content / presence.

We would like your package to make users aware of the links to the guidance detailed above if they are interested in the service.

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An agent firm will need to create a single agent services account and connect it to their accounting software. The creation of the account is a one off process that an agent firm will need to complete to enable the firm and its staff to access Making Tax Digital through this one account and act for their clients.

The user journey will be a web screen journey that will be accessible from commercial software or from GOV.UK. The user will be asked to:

- Create a new Government Gateway (GGW) Agent Services Account which will be the firm's new GGW user Agent ID and password. This will become an agent firm's user ID and password that will be used to access all new HMRC services via accounting software
- Providing some designatory data about the agent firm, which will held by HMRC
- Receiving an Agent Service Account Number which is the number that all existing and new clients will be assigned

Once an agent firm has created an agent service account, they will then link their existing SA clients to the account, so they can view clients' data and submit updates to HMRC, once a client has been subscribed to MTDfB.

The user journey to link their existing SA clients to the Agent Services Account will again be via web screens. The user will be asked to:

- Sign in with any GGW login details that are currently used to access HMRC online services, to note, if a firm currently has ten GGW login details they will need to complete the activity ten times
- Input their firm's self-assessment or corporation tax unique tax reference number and the Agent Service Account number and submit. This will then link existing SA clients linked to a particular GGW credential to the new Agent Services Account

We would like your package to make users aware of the links to the service above if they have not already completed this step.

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Authorisation service (Add or remove client)

4M

Once a firm has created a new Agent Services Account, to represent a new client for making tax digital an agent will need to use the authorisation service. This works by allowing an agent to send a digital request to their client. The client will then have the opportunity to accept or reject the request digitally.

To add a client:

- The agent would need to select the URL for adding a client
- The agent will then need to input known facts about the client they wish to add
- The agent can then send a direct request to the client
- The client would then access a digital service, where they would see the pending request. The client would accept or reject the request
- The agent will be updated with the client's response. If the client has accepted HMRC will disclose the client's MTDfB data to the agency.

We are also looking to deliver functionality to enable the deletion of a client (or the client delete an agency):

- The agent would need to select the URL to delete a client from their client list. This would send an update to HMRC who would stop disclosing information to that agency
- The client would have a similar function

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Agent Registers Client (New Client)

4N

Once an agent has registered for Agent Services and either linked an existing client or added a new one, they will be able to register a new business as self employed or a landlord (or both) and sign them up to the MTDfB SA service. This will be a service available on GOV.UK.

The service is currently in development and is expected in the New Year.

It will be a relatively straightforward service that captures key data about the business e.g. name, address. As analysis completes we will provide details.

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Sign up a client to report quarterly

4O

A service is available in private beta but access to it is restricted currently.

If an agent has registered for MTDfB Agent Services and has mapped their relationship to their client then they can sign up a client to the Making Tax Digital service for income tax.

It is a relatively straightforward service that captures key data about the business e.g. name, address.

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Sign up a Client to quarterly reporting

4O

Soon the URLs for the individual and agent led signup services will be on GOV.UK. We would prefer to link from your software to the guidance pages.

Information collected to sign up is the same in both services. Agent led does require additional information related to the client.

Step 11
- Agent enters accounting period

GOV.UK — Report your income and expenses quarterly

ALPHA This is a new service – your feedback will help us to improve it.

◄ Back

Enter your client's current accounting period dates

Start date
For example, 6 4 2017
Day Month Year

End date
For example, 5 4 2018
Day Month Year

Continue

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Step 12
- Agent enters business name

GOV.UK — Report your income and expenses quarterly

ALPHA This is a new service – your feedback will help us to improve it.

◄ Back

What's the name of your client's business?

This is the business name they used to register for Self Assessment. If their business doesn't have a name, enter your client's name.

Continue

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Step 13
- Agent enters accounting method

GOV.UK — Report your income and expenses quarterly

ALPHA This is a new service – your feedback will help us to improve it.

◄ Back

What accounting method does your client use?

Cash basis

Traditional accounting

Continue

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Once Software has been connected to HMRC a business user can retrieve information HMRC hold about their business, for this software should use either the

- List all self-employment business endpoint - which will provide the information HMRC holds for all self employment business that customer has (this has been limited to one for MVP but the functionality to add more will be available later)
- Get a self-employment business or Get a property Business - which will provide the information HMRC holds for a specific self employment or property business (note there will only ever be one property business)

Customers can also find out their obligations for their income source, using the following endpoints.

- Retrieve self-employment business obligations - which will provide obligation dates for all self-employment businesses, including grace period and whether obligations have been met or not
- Retrieve all UK property obligations - which will provide obligation dates for all self-employment businesses, including grace period and whether obligations have been met or not

Please note in the future we will look to provide obligation dates for the whole year.

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Choose Software, Setup Software & Enter Data

4P

HMRC wants to help businesses by providing as much information as it can so that they can find the right software package that suits their needs.

There will be a list of software packages that are MTDfB-compatible published on GOV.UK. See an example of this format Where a business uses an agent they may look to their agent to provide advice on their choice of software to ensure it interacts with the software their agent uses.

A customer will have to set up a business in the software and software will be able to GET a unique reference for that business and dates of their obligations to HMRC via an API call

A Business or their Agent will be able to enter transactional level information into their software book-keeping package for anything relating to business income as a minimum.

Software can also provide customers with the ability to provide information for non-business income (personal income).

HMRC only require that each package made available to customers complies with the Terms of Collaboration.

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Inaccuracies
Identified

4Q

HMRC are aware that errors are made by customers through poor record keeping and at the point of entering data when completing their tax returns.

We would like to make users aware of these errors at an early stage, and provide potential guidance to help them resolve these issues before the end of the year. Improved record-keeping is a key objective of MTDfB.

We are have identified the most common entry level errors made by customers.

It is our intention where possible to provide software vendors with information about these errors and the corrective advice, so vendors can build these messages into their packages.

We are investigating 2 methods to potentially work with software providers to provide this support to our customers:

- Business Validation Rules (BVRs)
- Supporting / Targeted Intervention

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Inaccuracies
Identified

4Q

Business Validation Rules (BVRs) are data integrity or data quality checks applied to business information content submitted by third-party applications via the MTDfB Software APIs.

These are rules that contain a formula or expression that evaluates the data in one or more predetermined business fields and returns a value of "True" or "False

They are distinct from technical validation rules which check syntax, structure and data types to prevent corrupt, incomplete or badly-formed data entering the estate.

BVRs ensure that customer-supplied information is self-consistent, meaningful, within expected bounds and as complete as it needs to be.

If customer-supplied information violates a BVR it may result in an error or a warning. One or more errors will result in the failure of the associated API call and rejection of all the data content (as would any technical validation rule failure).

With no technical or business errors, zero, one or more warnings will result in the success of the associated API call and acceptance of all the data content, with any warning messages returned to the customer.

Warnings will typically require the customer to take remedial action at a later point to avoid potential errors in future.

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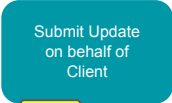
Inaccuracies Identified

4Q

Supporting / Targeted interventions could either be:

- (i) supporting messages that advises the user of areas of taxation that have a high rate of error attributable to them and provides routes to potential guidance
- (ii) targeted messages that flag potential mistakes made by the user to the customer based on an assessment made by HMRC.

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Submit Update on behalf of Client

4R

When an agent uses software to submit information on behalf of their clients, software will follow the same process as outlined in 4F.

When the update is received, HMRC will check if the submission is coming from an Agent and if that agent is subscribed to agent services. If they are not subscribed to agent services an error will be returned.

If the agent is subscribed, HMRC will then check if the agent is authorised to act on behalf of that customer.

When it comes to requesting the calculation unauthorised agents will not be able to retrieve the calculation result

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Amend Update

4S

This process works exactly the same as a business customer resubmitting an update

The same rules will apply for authorised and unauthorised Agents

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End of Year Process on behalf of Client

The End of Period Statement (EOPS)

This is the process that allows the agent to finalise their client's business income. The agent must complete an EOPS for each source of business income their client has (the equivalent of the current SA103 and SA105 forms) E.g. if a customer has a self-employment business and a property business then the agent will have to complete 2 EOPS one for each source of income.

The EOPS is linked to the accounting period for each source of income and cannot be completed until the end of the accounting period. However the agent does not need to complete it until 31st January Year 2. Please note in the future we will look to provide obligation dates for the whole year.

The process will take into account all the periodic and annual data already provided by the agent throughout the year. They should make sure they are happy with the information they have already provided and add any additional information they have, this is likely to be annual adjustments and allowances. At this point you may want to retrieve the last calculation for your agent to see but it is not essential for the process

Once the customer/agent is happy with everything they have provided, they can send the declaration to notify HMRC that they are finalising that income source.

Note - the Declaration is the only new API for this process, the exact text HMRC requires you to playback will be confirmed in the near future.

If after the agent has submitted their EOPS they would like to amend any of the information then they must make the change to the relevant periodic or annual summaries, then follow the existing process of submitting the periodic update and triggering the calculation

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Crystallisation

This is the process that allows the agent to finalise their client's end of year position. This includes any business and personal data they need to provide HMRC to reach their final tax liability for a specific year.

In order to crystallise an agent **must** have completed any EOPS relevant for that tax year. If the EOPS has not been finalised with a declaration then the agent will not be able to crystallise.

When the agent is ready to crystallise they will have to let HMRC know that they intend to crystallise, this will involve providing any additional information for their entire income, e.g. interest, dividends other SA schedules. If they do not have any additional information to provide they will still need to confirm that they have none.

Agents will also be asked to review and confirm all of their non-financial (personal and business designatory) data, making any amendments as necessary (the ability to change this information will be available in the new year)

Note - a customer will not be able to crystallise until they have followed the above steps.

Once the agent has provided their additional information and confirmed the designatory data they will need to review the final calculation. The agent **must** view the calculation before they declare. To ensure they accept the liability calculation.

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4T

End of Year Process on behalf of Client

Crystallisation

Once an agent is happy with all the information they will have to agree a declaration and send it to HMRC. The Calculation ID of the one they agreed **must** be sent back to HMRC with the declaration.

If the agent wants to make an amendment following crystallisation they have until 31st January year 3 (or 12 months after the submission deadline if later than 31st Jan) to make them (as with the current process) The agent will make amendments to the relevant information in software and resubmit the relevant periodic or annual return, they will not have re-declare.

Please note the exact details on the APIs has not been finalised yet. More detail to follow in the new year.

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Miscellaneous

Customer Support Model

We are developing a Customer Support Model which will help guide HMRC Customers to the most appropriate support. This may be provided by HMRC or the software vendor depending on the issue. HMRC support will be provided through a variety of channels and options for seeking advice and support:

- We wish to work with software vendors to provide a comprehensive support package that covers software usage, online access and technical issues, as well as straightforward tax queries

- Customers will be signposted to self-help through a suite of guidance products such as videos, webinars and e- learning, which is aimed at specific stages of the MTDfB journey. We will develop the content as we add new functionality.

- A new dedicated team of advisers has been created to offer telephony and webchat support for MTDfB Income Tax Self Assessment. The team can currently be contacted via the HMRC 'Contact Us' page. We will be developing new signposting on Gov.UK which will focus on digital and webchat support channels.

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Quick Start Guide & Test Scenarios

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This guide demonstrates how your software uses the API to submit an update for someone who is self-employed.

In this example,

The taxpayer or agent has already ensured that all income and expenses have been entered into your software and stored in the ledger.

To keep this simple, our taxpayer has a single self-employment business.

Steps

Your software will need to:

- [determine what should be submitted](#)
- [submit summary data](#)
- [trigger a calculation to complete the update](#)

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Determine what should be submitted

Your software needs an identifier for the business submitting the update, and its accounting period. This may have already been entered by the user, or you can attempt to get it via the an API.

Unless the business has ceased trading, the tax year can be determined by the last day of the accounting period. In the example below, the tax year is 2017 to 18.

GET /self-assessment/ni/{nino}/self-employments

The response will contain a list of self-employment businesses:

```
[
{
"id": "12345678",
"accountingPeriod": {
"start": "2018-04-06",
"end": "2019-04-05"
},
"accountingType": "CASH",
"commencementDate": "2017-01-01",
"cessationDate": "2019-04-05",
"tradingName": "John's Carpentry",
...
},
```

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Your software needs to determine the period of time the update is for.

GET /self-assessment/ni/{nino}/self-employments/12345678/obligations

This will return a list of obligations. The first obligation on the list will be the next one to be completed:

```
[
{
"start": "2017-04-06",
"end": "2017-07-05",
"deadline": "2017-08-05",
"met": true
},
…
]
```

If the end date is in the future, your software can still submit an update. Remember your software must continue to submit updates until data has been provided for the whole obligation period.

If your software doesn't know the date of the last update, your software can ask:

GET /self-assessment/ni/{nino}/self-employments/12345678/periods

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This will return a list of previous submissions:

```
[
 {"periodId": "1234567", "from": "2017-04-06", "to": "2017-06-01"},
 ...
]
```

If today's date is 2 July, this information tells you that the first date for the next update is 2 June and last day could be 1 July (yesterday).

Your software needs to summarise the transactions for that period of time in its ledger. Data should be separated into income and expenses and broken down by category.

At this point, your software could show the customer a summary of this data.

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Submit summary data

Your software needs to make two or three requests to send the update.

Firstly, one to send the summary information:

```
POST /self-assessment/ni/{nino}/self-employment/12345678/periods
{
"from": "2017-04-06",
"to": "2017-07-04",
"incomes": {
"turnover": { "amount": 10.25 },
"other": { "amount": 20.50 }
},
"expenses": {
"costOfGoodsBought": {
"amount": 100.25,
"disallowableAmount": 50.25
},
"travelCosts": {
"amount": 100.25,
"disallowableAmount": 100.50
}
}
}
```

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Your software gets a unique identifier in the response Location header. Your software may wish to store this so it can be amended or used for later reference.

Secondly, your software could send values that apply to a whole accounting period (e.g. loss brought forward, or capital allowances). The software doesn't have to provide these, but they'll make the tax calculation more accurate:

```
PUT /self-assessment/ni/{nino}/self-employments/12345678/2017-18
{
 "adjustments": {
 "lossBroughtForward": 100.50
 },
 "allowances": {
 "annualInvestmentAllowance": 1000.50
 }
}
```

Repeat the above steps for each business.

For a more accurate calculation, your software could update individual income (such as savings or dividends):

```
PUT /self-assessment/ni/{nino}/dividends/2017-18
{
 "fromUKCompanies": 1000.25,
 "fromOtherUKSources": 200.25
}
```

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Trigger a calculation to complete the update

An obligation can only be fulfilled if your software triggers a calculation.

```
POST /self-assessment/ni/{nino}/calculations
{"taxYear": "2017-18"}
```
This is completed in an asynchronous manner, so your software will get a 202 response with a Location header. The response will state roughly how long to wait.

```
{"etaSeconds": 3}
```
Wait for the end of the ETA, then poll the URL in Location header from the previous response:

```
GET /self-assessment/ni/{nino}/calculations/{taxCalculationId}
```

As well as the total tax due, the response will contain a number of fields to help you understand how it was determined (omitted here):

```
{
 "totalTaxDue": 2000.20
 /* other fields omitted for brevity */
}
```
Finally, your software could get the obligations so that you can show to your customer whether they were met.

For more information read the MTDfB Self Assessment API

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Test Scenarios

Scenario 1:

Individual registers for self-employment 01/12/18 and ceases 30/11/2019.

1st basis period for trade 01/12/18 – 05/04/19

2nd basis period for trade 01/12/18 – 30/11/19.

Property Income reported against tax year 06/04/19 - 05/04/20

Tax year	Income type	Quarter 1 report due by	Quarter 2 report due by	Quarter 3 report due by	Quarter 4 report due by	(EOPS) Finalise business income by	Finalise overall tax by	Balancing Payment / 1st POA
2018/19	SE	31/03/19	30/06/19			TBC	31/01/20	31/01/20
	Period declared	01/12/18 to 28/02/19	* 01/03/19 to 31/05/19			01/12/18 to 05/04/19		
2019/20	SE			01/10/19	01/01/20	TBC	31/01/21	31/01/21
	Period declared			01/06/19 31/08/19	01/09/19 to 30/11/19	01/12/18 to 30/11/19		
	IFP	05/08/19	05/11/19	05/02/20	05/05/20	31/01/21		
	Period declared	06/04/19 to 05/07/19	06/07/19 to 05/10/19	06/10/19 to 05/01/20	06/01/20 to 05/04/20	06/04/19 to 05/04/20		

* Customer's software will calculate income and expenses for period 01/03/19 – 05/04/19

** Customer will make adjustment for Overlap Relief for period 01/12/18 – 05/04/19

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Scenario 2:

Individual volunteers to join MTDfB in April 2018. Accounting periods are drawn up to 30/09 each year. Business ceases to trade 01/12/2019

         Basis period during cessation – 01/10/18 to 01/12/19.

         Customer has IFP 2019-20.

Tax year	Income type	Quarter 1 report due by	Quarter 2 report due by	Quarter 3 report due by	Quarter 4 report due by	(EOPS) Finalise business income by	Finalise overall tax by	Balancing Payment / 1st POA
2018/19	SE	Individual can not join MTDfB until the first day of a new period of accounts (in this case 01/10/18)					31/01/20	31/01/20
	Period declared							
2019/20	SE	31/01/19	30/04/19	31/07/19	31/10/19	**TBC	31/01/21	31/01/21
	Period declared	01/10/18 to 31/12/18	01/01/19 to 31/03/19	01/04/19 to 30/06/19	01/07/19 to 30/09/19	01/10/18 to 01/12/19		
	IFP	05/08/19	05/11/19	05/02/20	05/05/20	31/01/21		
	Period declared	06/04/19 to 05/07/19	06/07/19 to 05/10/19	06/10/19 to 05/01/20	06/01/20 to 05/04/20	06/04/19 to 05/04/20		
2020/21	SE	31/01/20						
	Period declared	01/10/19 to 01/12/19						

** Customer will make adjustment for Overlap Relief for period 01/10 – 05/04 for first year of trading.

Scenario 3:

Individual registers for SE 01/12/18 and volunteers to join MTDfB. The initial accounting period is from 01/12/18 to 05/04/20 (16 months).

Tax year	Income type	Quarter 1 report due by	Quarter 2 report due by	Quarter 3 report due by	Quarter 4 report due by	Quarter 1 report due by	Quarter 2 report due by	(EOPS) Finalise business income by	Finalise overall tax by	Balancing Payment / 1st POA
2018/19	SE	31/03/19	30/06/19					TBC	31/01/20	31/01/20
	Period declared	01/12/18 to 28/02/19	* 01/03/19 to 31/05/19					01/12/18 to 05/04/19		
2019/20	SE			30/09/19	31/12/19	31/03/20	30/06/20	TBC	31/01/21	31/01/21
	Period declared			01/06/19 to 31/08/19	01/09/19 to 30/11/19	01/12/19 to 29/02/20	** 01/03/20 to 31/05/20	01/12/18 to 05/04/20		
2020/21	SE			30/09/20	31/12/20	31/03/21	30/06/21	TBC	31/01/22	31/01/22
	Period declared			01/06/20 to 31/08/20	01/09/20 to 30/11/20	01/12/20 to 29/02/21	*** 01/03/21 to 31/05/21	06/04/20 to 05/04/21		

* Customer's software will calculate income and expenses for period 01/03/19 – 05/04/19

** Customer's software will calculate income and expenses for period 01/03/20 – 05/04/20

*** Customer's software will calculate income and expenses for period 01/03/21 – 05/04/21

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Scenario 4:

Ongoing SE income with accounting period 01/03/19 to 29/02/20 and volunteers to join. Can only do so from first day of new accouting period. Individual had PAYE and Dividend income for 2019/20 tax year.

Tax year	Income type	Quarter 1 report due by	Quarter 2 report due by	Quarter 3 report due by	Quarter 4 report due by	(EOPS) Finalise business income by	Finalise overall tax by	Balancing Payment / 1st POA
2019/20	SE	30/06/19	30/09/19	31/12/19	31/03/20	TBC	31/01/21	31/01/21
	Period declared	01/03/19 to 31/05/19	01/06/19 to 31/08/19	01/09/19 to 30/11/19	01/12/19 to 29/02/20	01/03/19 to 29/02/20		
	PAYE	Income details will flow from RTI each pay date to Digital Tax Account						
	Dividends	Dividends can be provided throughout the tax year and finalised to the normal filing date						

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Scenario 5:

Ongoing SE income with accounting period 01/09/18 to 31/08/19. Can only join MTDfB from first date of new accounting period. Foreign property income in 2019/20. Capital Gains in 2019/20.

Tax year	Income type	Quarter 1 report due by	Quarter 2 report due by	Quarter 3 report due by	Quarter 4 report due by	(EOPS) Finalise business income by	Finalise overall tax by	Balancing Payment / 1st POA
2019/20	SE	31/12/18	31/03/19	30/06/19	30/09/19	TBC	31/01/21	31/01/21
	Period declared	01/09/18 to 30/11/18	01/12/18 to 28/02/19	01/03/19 to 31/05/19	01/06/19 to 31/08/19	01/09/18 to 31/08/19		
	IFP	05/08/19	05/11/19	05/02/20	05/05/20	31/01/21		
	Period declared	06/04/19 to 05/07/19	06/07/19 to 05/10/19	06/10/19 to 05/01/20	06/01/20 to 05/04/20	06/04/19 to 05/04/20		
	CGT	Capital Gains can be provided throughout the tax year and finalised to the normal filing date						

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Test Scenarios

Scenario 6:

SE income from 06/04/18 to 05/04/20

Partnership income 01/05/17 to 30/04/18 and 01/05/18 to 30/04/19

Property income for 18/19 and 19/20

Tax year	Income type	Quarter 1 report due by	Quarter 2 report due by	Quarter 3 report due by	Quarter 4 report due by	(EOPS) Finalise business income by	Finalise overall tax by	Balancing Payment / 1st POA
2018/19	SE	05/08/18	05/11/18	05/02/19	05/05/19	TBC	31/01/20	31/01/20
	Period declared	06/04/18 to 05/07/18	06/07/18 to 05/10/18	06/10/18 to 05/01/19	06/01/19 to 05/04/19	06/04/18 to 05/04/19		
	IFP	05/08/18	05/11/18	05/02/19	05/05/19	31/01/20		
	Period declared	06/04/18 to 05/07/18	06/07/18 to 05/10/18	06/10/18 to 05/01/19	06/01/19 to 05/04/19	06/04/18 to 05/04/19		
	Partnership	Partnership income will be reported by the partnership. When the partnership provides their return, partners' share of the profits flow to their DTA/Software.						
2019/20	SE	05/08/19	05/11/19	05/02/20	05/05/20	TBC	31/01/21	31/01/21
	Period declared	06/04/19 to 05/07/19	06/07/19 to 05/10/19	06/10/19 to 05/01/20	06/01/20 to 05/04/20	06/04/19 to 05/04/20		
	IFP	05/08/19	05/11/19	05/02/20	05/05/20	31/01/21		
	Period declared	06/04/19 to 05/07/19	06/07/19 to 05/10/19	06/10/19 to 05/01/20	06/01/20 to 05/04/20	06/04/19 to 05/04/20		
	Partnership	Partnership income will be reported by the partnership. When the partnership provides their return, partners' share of the profits flow to their DTA/Software.						

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Scenario 7:

Full-time director earning over £150,000 PAYE in 2019/20.

Income from Partnership with accounting period 01/02/19 to 31/01/20.

Dividend and Trust Income for 2019/20.

Tax year	Income type	Quarter 1 report due by	Quarter 2 report due by	Quarter 3 report due by	Quarter 4 report due by	(EOPS) Finalise business income by	Finalise overall tax by	Balancing Payment / 1st POA
2019/20	PAYE	Income details will flow from RTI each pay date to Digital Tax Account					31/01/21	31/01/21
	Partnership	Partnership income will be reported by the partnership. When the partnership provides their return, partners' share of the profits flow to their DTA/Software.						
	Dividends							
	Individual will not need to use MTDfB software							

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Scenario 8:

Ongoing SE business with accounting period 01/05/19 to 30/04/20 of £40,000. Volunteers to join MTDfB in August 2018
Income from Partnership 01/09/19 to 31/08/20 of £50,000. Individual partner share is £2,000

Tax year	Income type	Quarter 1 report due by	Quarter 2 report due by	Quarter 3 report due by	Quarter 4 report due by	(EOPS) Finalise business income by	Finalise overall tax by	Balancing Payment / 1st POA
2020/21	SE	31/08/19	30/11/19	29/02/20	31/05/20	TBC	31/01/22	31/01/22
	Period declared	01/05/19 to 31/07/19	01/08/19 to 31/10/19	01/11/19 to 31/01/20	01/02/20 to 30/04/20	01/05/19 to 30/04/20		
	Partnership	Partnership income will be reported by the partnership. When the partnership provides their return, partners' share of the profits flow to their DTA/Software.						

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Terminology

End of Year Process - A summary of income and expenses for the whole of a business's accounting period for any given tax year. A declaration of accuracy and completeness must be included.

Declaration - A process by which a customer can declare that all taxable income and gains have been reported to HMRC. (The user can also include their other income sources through a separate process.)

Deadline for sending an update - Specified date when a taxpayer should provide summary income and expense data. Every business should send an update at least every 3 months. The deadlines are based on the user's accounting period.

Update - A summary of income and expenses for a given period of time.

Tax estimate - An estimated amount that users will have to pay in Income Tax at the end of their accounting period.

Making tax digital - This is the name of HMRC's programme, referred to as 'use software to send Income Tax updates' in user-facing content.

User ID/login details - Used to log in to HMRC's online services (via Government Gateway).

Sign up (to use software to send Income Tax updates) - This is HMRC's service to sign up for the Making Tax Digital programme.

Software that supports Making Tax Digital - As opposed to accounting or tax software that is not part of the MTD pilot.

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