

Using Prophet with the Making Tax Digital system



Changes to VAT reporting in the United Kingdom

Starting in April 2019, if you're a UK business that is VAT registered and above the VAT threshold you must submit VAT returns using the Making Tax Digital for Business (MTDfB) system to HMRC.

If you're below the compulsory VAT threshold you can continue to use the existing website or paper forms a little longer, but you must use MTDfB from April 2020.

Prophet, the small business accounting package for RISC OS, already calculates the numbers needed for a UK return (colloquially referred to as "box 1 to 9"). From version 4.00 onwards Prophet includes the extra facility to communicate these values with HMRC's computer directly, as required by MTDfB.

Up to date digital record keeping on RISC OS

Prophet keeps your VAT affairs up to the minute because you can open the VAT dialogue at any time and press **Total** to see what the current tax position is:

No	Description	Sum	Codes	Total	S	P	A	V
A	Box 1: VAT due on Sales		ABCF	2.00	✓			✓
B	Box 2: VAT due on EC Acquisitions		E	0		✓		✓
C	Box 3: Total VAT Due	A+B		2.00				
D	Box 4: VAT reclaimed on Purchases		ABCEF	0.60	✓			✓
E	Box 5: Net VAT payable/repayable	C-D		1.40				
F								
G	Box 6: Total value of Sales		ABCD	10.00	✓			✓
H	Box 7: Total value of Purchases		ABCE	3.00		✓		✓
I								
J	Box 8: Total value of Sales to EC		D	0	✓			✓
K	Box 9: Total value of Purchases to EC		E	0		✓		✓

At the end of a period (3 or 12 months depending on which scheme you use) all that is required is to submit this data to HMRC.

Dates for your diary:

October 2018 HMRC pilot opens
April 2019 System goes live
April 2020 All VAT registered businesses must use the system

This isn't applicable to my business

Although the MTDfB functionality is new to Prophet, we're going to continue to produce a version without it included. If you're not VAT registered, or not based in the UK, this will be the lowest cost option to use Prophet while still enjoying the latest updates to the application.

Pricing is structured such that if you upgraded to 3.9x from Elesar you can always add the MTDfB option to your package should your circumstances change, only paying the difference.

Key features at a glance

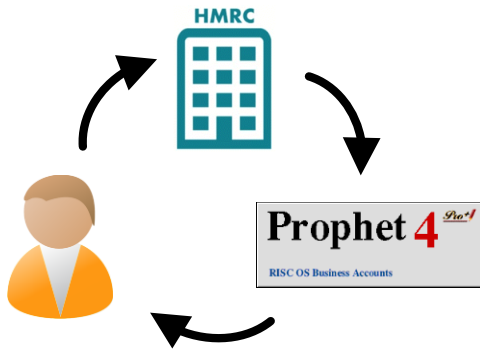
- Calculation engine is unchanged from the existing familiar VAT return dialogue
 - Make corrections to the ledgers as required during the period
 - Do as many trial runs as you want before submitting the final numbers
- Requires internet connection
 - Uses the latest TLS 1.2 security protocol provided by the AcornSSL module
 - Sign in using your 12 digit user ID and password (apply to HMRC for some if you currently do paper returns!)
 - No sensitive account information is held locally by Prophet
- Use Prophet with HMRC's system for all your VAT interactions
 - Retrieve a list of current and future obligations, these are sorted into a menu
 - Selecting a closed period from the menu retrieves the record from HMRC
 - Selecting an open period transfers the figures from Prophet ready to send
 - Printed reports include a unique reference number for the electronic submission

Requires AcornSSL module 1.00 or later (available at no cost from RISC OS Open).

Read more about MTDfB at <https://www.gov.uk/government/publications/making-tax-digital/overview-of-making-tax-digital> for details of how it might affect your business. Please note that period data submitted before the MTDfB system started can't be retrieved, however Prophet's database still contains the figures you would have used.

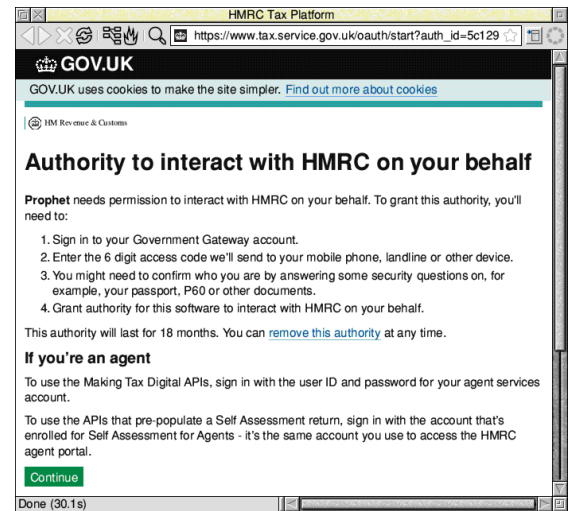
Create a circle of trust

Firstly you need to associate Prophet with your HMRC online account. We've pre-registered Prophet and been allocated an application number which confirms that the software is known to HMRC. To associate Prophet you log in to your HMRC account with the user ID and password. An **Associate** button on the VAT online submission window launches your web browser.



The exact look of the web page may change from time to time, for example extra two-factor authentication checks. We used Netsurf 3.8 here:

Once associated, a time limited pass is given to Prophet to allow it to submit VAT returns on your behalf, thus a circle of trust has been created between the parties.



Review and submit

Once associated, Prophet will look up any VAT obligations, then create a menu of all of these. If you submit annually, there's just one menu entry per year. Selecting the period from the menu fills in the 9 boxes from a conventional VAT return (the numbers are taken directly from the corresponding period in Prophet).

Click on **Submit** to send the return to HMRC – this only takes a few seconds to complete!



Completed returns are shown in blue in the period menu. Simply select the period to retrieve the historical values from, HMRC.

Status	Submitting up to 30.06.2017	Refresh
Period	01.04.2017 to 30.06.2017	Disassociate
Box 1: VAT due on Sales	200.00	
Box 2: VAT due on EC Acquisitions	0	
Box 3: Total VAT Due	200.00	
Box 4: VAT reclaimed on Purchases	0	
Box 5: Net VAT payable/repayable	200.00	
Box 6: Total value of Sales	1000.00	
Box 7: Total value of Purchases	0	
Box 8: Total value of Sales to EC	0	
Box 9: Total value of Purchases to EC	0	
		Submit

The association lasts for at least 12 months, so once the circle of trust with Prophet is set up you don't need to log in each time. If you use Prophet for multiple sets of accounts, each with a different VAT number, it is possible to switch between them by clicking on **Disassociate** then logging in with another user ID, the VAT number is set in the User details window.

Orderable part numbers

- EA-301-2 Prophet upgrade existing + manual
- EA-301-3 Prophet single user + manual

Buy online from
<http://shop.elesar.co.uk/>