

Changes to the VAT online account

As of 15 May 2023, unless you are already using Making Tax Digital (MTD) compatible software, you will no longer be able to use your existing VAT online account to file manual VAT returns. That is because by law, all VAT-registered businesses must now use Making Tax Digital (MTD) compatible software to keep their VAT records and file their VAT returns.

What businesses need to do now to avoid a penalty

Step 1. Choose MTD-compatible software that's right for your business – talk to us immediately!

Step 2. Check the software permissions to allow it to work with MTD. Go to GOV.UK and search 'manage permissions for tax software' for information on how to do this.

Step 3. Keep digital records for current and future VAT returns – more information about [what records must be kept digitally](#) is on GOV.UK.

Step 4. File your future VAT returns on time using MTD-compatible software. You can find out [how to submit your VAT returns](#) on GOV.UK.

You may receive a penalty if you don't file on time via compatible software. For VAT accounting periods starting on or after 1 January 2023 HMRC introduced new penalties for VAT returns that are submitted late and VAT which is paid late. The way interest is charged has also changed.

You can find more information about new [VAT penalties](#) on GOV.UK or by watching a [recorded webinar](#) for businesses.