

# Is your VAT return spreadsheet and process really MTD compliant?



Ensuring digital links between data in large Excel spreadsheets as part of an efficient VAT return process can be challenging, with the risk of penalties due to the soft landing period ending.

A **MTD digital link assessment and process review** can help ensure full compliance with the Making Tax Digital for VAT (MTD) digital link requirement, which is often the most challenging element of MTD.

## Why?

There is a soft landing period to allow companies time to put in place digital links. These need to span the entire end to end VAT return process, linking the original digital recording of a transaction through to the digital submission of the final VAT return numbers.

Failure to take reasonable care and errors are major contributors to missing VAT. By ensuring a digital audit trail throughout the VAT return, HMRC are aiming to minimise errors.

Many businesses have complicated spreadsheets featuring some of the following:

- Numerous worksheets;
- Pivot tables;
- Multiple different spreadsheets; and
- Complicated formulas.

Often spreadsheets are rolled forwards and completed in the same format year after year.

Updating current processes and re-designing the spreadsheet approach to be fully MTD digital link compliant can therefore be challenging.

## When is this required?

Businesses should review the digital link requirements well in advance of the soft landing deadline - this was previously 12 months after the original MTD start date however has been extended.

The first VAT return period starting on or after 1 April 2021 must be digital link compliant.

This includes MTD VAT mandated businesses for whom the previous digital link deadline was 1 October 2020.

## What is a digital link assessment and process review?

A detailed end-to-end review of the entire VAT return spreadsheets and VAT compliance processes to:

- Check MTD digital link requirements;
- Suggest improvements to become MTD compliant; and
- Make recommendations to help improve the general efficiency of the wider VAT return compliance process.

## Who will this benefit?

Businesses with a number of spreadsheet based steps or activities as part of their VAT return preparation and who rely heavily on spreadsheets for calculating or consolidating the final VAT return numbers

## What does it involve?

An on-site review which typically lasts ½ to 1 day to walk through all of the spreadsheets in detail and the processes used to create the VAT return.

A subsequent high-level report will outline the key findings including recommendations.

## Who will need to be involved?

The on-site review will need to involve VAT return preparers and reviewers to step through all stages of the VAT return process.



**Tom Gilbert**  
**VAT Technology Lead**  
T +44 (0)20 3201 8446  
E: [tom.gilbert@rsmuk.com](mailto:tom.gilbert@rsmuk.com)

rsmuk.com

The UK group of companies and LLPs trading as RSM is a member of the RSM network. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm each of which practises in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction. The RSM network is administered by RSM International Limited, a company registered in England and Wales (company number 4040598) whose registered office is at 50 Cannon Street, London EC4N 6JJ. The brand and trademark RSM and other intellectual property rights used by members of the network are owned by RSM International Association, an association governed by article 60 et seq of the Civil Code of Switzerland and whose seat is in Zug.

RSM Corporate Finance LLP, RSM Restructuring Advisory LLP, RSM Risk Assurance Services LLP, RSM Tax and Advisory Services LLP, RSM UK Audit LLP, RSM UK Consulting LLP, RSM Employer Services Limited, RSM Northern Ireland (UK) Limited and RSM UK Tax and Accounting Limited are not authorised under the Financial Services and Markets Act 2000 but we are able in certain circumstances to offer a limited range of investment services because we are members of the Institute of Chartered Accountants in England and Wales. We can provide these investment services if they are an incidental part of the professional services we have been engaged to provide. RSM Legal LLP is authorised and regulated by the Solicitors Regulation Authority, reference number 626317, to undertake reserved and non-reserved legal activities. It is not authorised under the Financial Services and Markets Act 2000 but is able in certain circumstances to offer a limited range of investment services because it is authorised and regulated by the Solicitors Regulation Authority and may provide investment services if they are an incidental part of the professional services that it has been engaged to provide. Baker Tilly Creditor Services LLP is authorised and regulated by the Financial Conduct Authority for credit-related regulated activities. RSM & Co (UK) Limited is authorised and regulated by the Financial Conduct Authority to conduct a range of investment business activities. Whilst every effort has been made to ensure accuracy, information contained in this communication may not be comprehensive and recipients should not act upon it without seeking professional advice.