



# Treasury Committee

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Ruth Stanier  
Director General, Customer Strategy and Tax Design  
HM Revenue and Customs  
2C/23, 100 Parliament Street  
London SW1A 2BQ

22 October 2018

Dear Ms Stanier

## **Making Tax Digital for VAT**

Thank you for your letter of 16 October 2018 about the status of HMRC's delivery of Making Tax Digital for VAT.

I note that you have now opened up the live Making Tax Digital pilot to a wider range of HMRC customers whose VAT position is up to date and straightforward, and that you have plans to extend the pilot further in the coming months. I understand that included in the types of businesses currently unable to join the pilot are companies that are part of a VAT group, traders based overseas and those that trade with EU. I also note that you have decided to defer Making Tax Digital for certain businesses with more complex VAT affairs, including VAT groups and traders based overseas, until October 2019.

Businesses and tax advisers have expressed concerns about the general level of preparedness for the introduction of Making Tax Digital, particularly among smaller businesses. So your plans to significantly increase your contact with businesses that will be affected by Making Tax Digital for VAT and to adopt a light-touch approach to filing and record-keeping penalties in the first year are welcome.

I am grateful for your update and look forward to hearing further from you in due course.

Yours sincerely,

Rt Hon Nicky Morgan MP  
Chair of the Treasury Committee