

# Making Tax Digital for VAT For Users of Keyloop Systems

There is no denying that HMRC's Making Tax Digital for VAT legislation completely changed the process of filing a VAT return for all companies.

Companies who use industry-specific software solutions to manage their business, in particular, the motor industry have been finding it difficult to manage this process while still complying with the more recent tightening of the regulations regarding digital record-keeping and digital links.

We spoke to Richard Austin, Director of KFA Connect about how they have helped solve this issue for Keyloop DMS customers.

## What do dealerships need to do to comply with HMRC's MTD for VAT legislation?

HMRC requires VAT registered companies to submit VAT returns using a digital link, this would either be via an accounting system direct to HMRC or the use of bridging software to digitally connect an accounting system with HMRC. HMRC regulations do not allow the use of copy and paste methods to compile data or the manual manipulation of data, which is an issue for many companies.



## How does Magic Tax help them do this?

Magic Tax has been developed exclusively for users of the Keyloop systems; Drive and Autoline. Both of these systems export to a CSV file which can be imported into Magic Tax in its raw format. Once imported the VAT return is calculated and is made ready for submission to HMRC meeting all HMRC regulations.

## How does Magic Tax know which data to use to create a VAT return?

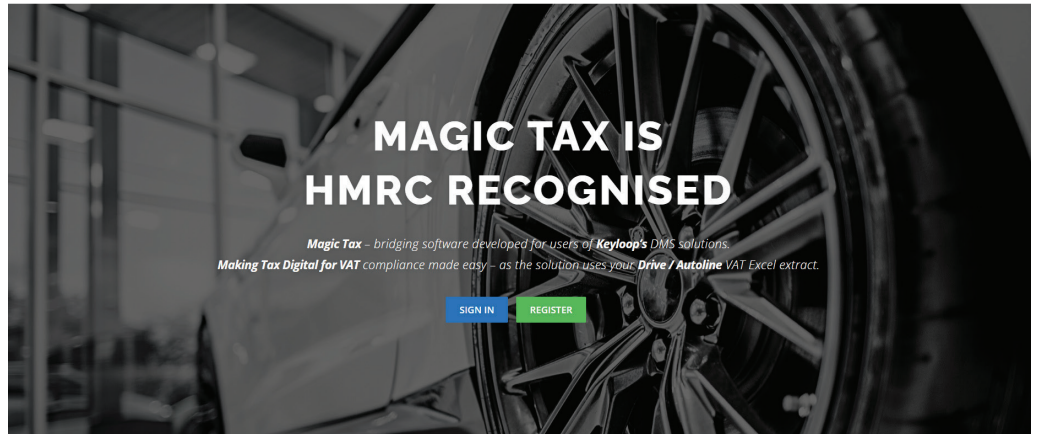
Both Drive and Autoline use Tax Codes and Tax Groups for accounting purposes. As part of the initial setup in Magic Tax, the user will specify the Tax Codes and Tax Groups to be included/excluded from their VAT return. This is a one-off task and once complete, the same settings will be used each time a VAT extract is uploaded, and the VAT return values calculated.

## What if more than one version of the Keyloop solution is being used?

Magic Tax has been developed to work with either Drive or Autoline or both. It is possible to extract from one system or both and create one VAT return using Magic Tax.

MAGIC TAX

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## How does Magic Tax handle more than one dealership/branch?

Providing all dealerships/branches share the same VAT registration number then Magic Tax will combine multiple CSV extracts as part of the upload process. The amalgamated file will then be used to calculate the VAT return values.

## How would the user know the VAT has been calculated correctly?

Once the extracted data has been uploaded into Magic Tax, the user will be presented with a summary of the calculated VAT return values, and can either:

1. Submit the return to HMRC if the figures are correct.
2. Amend the tax group and tax code setup and re-import the data until the figures match their calculations, then submit the return to HMRC.

## What happens to the company's financial data in Magic Tax?

Magic Tax uses the extract CSV to calculate the VAT return values and this data is passed to HMRC when the return is submitted. The financial extract data is not stored in Magic Tax.

## What if a user wants to view their VAT filing history?

Magic Tax will store the VAT return details for a period of 6 years. If a user ceases to use Magic Tax for submitting VAT returns, the account will still be valid to view previous return details. **MT**

## More information:

- Visit: [motortrade.magictax.co.uk](http://motortrade.magictax.co.uk)

### QUICK & EASY

Set-up with Magic Tax

- 1

**Register**

Register for Magic Tax and apply for an annual licence. The cost is based on user numbers and annual turnover.


- 2

**Authorise HMRC**

Authorise HMRC to interact with Magic Tax. The authority lasts for 18 months.


- 3

**Set Tax Groups & Codes**

Add your tax codes & groups to Magic Tax to match your Keyloop set up.
- 4

**Keyloop VAT Export**

Export the VAT Reconciliation Summary Report from your Keyloop Drive or Autoline solution and save the CSV file.


- 5

**Upload CSV File/s**

Upload the file to Magic Tax. Multiple extracts can be uploaded to merge into one VAT return. Magic Tax ingests the file in the exact format it is downloaded and will calculate the vat return.
- 6

**Submit to HMRC**

Check the vat summary and submit to HMRC from within Magic Tax. View filing history from the dashboard.

