**Making Tax Digital (MTD) - Specific Questions for HMRC - Cipfa VAT Committee 4th July 2019**

Agent Services Account (ASA)

A large number of local authorities file VAT returns on behalf of other organisations. This can include filing for:

* 100% owned subsidiaries
* Arms Length Managed Organisations - Housing Companies
* Other local authorities
* Children’s Trusts
* Joint land owners

The service will be typically provided at a mixture of no cost to full cost recovery. Submissions are made via the individual Government Gateways of the organisations.

Under MTD is there an expectation that local authorities should create an ASA? If so, what are the implications in respect of Anti Money Laundering Regulations. Currently, local authorities are not registered under AML.

School VAT Returns

The Committee has still not received a specific response to its original request of exclusion from MTD for LEA schools

One area where MTD compliance is going prove to be extremely difficult is the local authority’s interaction with its schools. Under delegated powers schools are free to use whatever accounting software package best suits **their** needs (subject to approval from the local authority). Whilst the majority of schools in England use Capita – SIMS (80% according to their website) there is no information available to say that this system will be MTD compliant. **Due to the remoteness of schools from local authority accounting, the Cipfa VAT Committee, on behalf of all local authorities, is requesting a special exemption for Local Education Authority (LEA) schools from MTD compliance**