

Delays in Making Tax Digital

Strong doubts have been raised over the current Making Tax Digital (MTD) timetable.

HMRC launched its flagship digitisation scheme in 2015-16, intending to move tax systems and records to a modern management platform by 2020.

The aim was to maximise tax revenue, make sustainable cost savings and improve customer service by modernising systems for VAT, income tax self-assessment and corporation tax.

HMRC also planned to require business taxpayers to keep and submit quarterly digital tax records.

The flagship tax digitisation project has, however, been beset by issues and delays. A recent National Audit Office (NAO) paper reported that the scheme is now expected to cost around five times its original budget.

Delays ‘undermining credibility’ of the programme

Gareth Davies, the head of the NAO, said: “The repeated delays and rephasing of Making Tax Digital have undermined the programme’s credibility and increased its costs.

“They put at risk the support of taxpayers and delivery partners, including those who are essential to the programme succeeding.

“It has made some recent progress on VAT, but it has not yet tackled the most complex elements of the programme and significant delivery risks remain.”

HMRC confident on meeting new timelines

HMRC chief executive Jim Harra has admitted the Government underestimated the scale and complexity of the project.

Since December 2022, the tax authority said it has been undertaking a series of ‘co-creation’ events involving unnamed stakeholders “with the ambition of resolving the most pressing design issues within the coming months”.

They said they were confident about the prospect of delivering MTD for income tax self-assessment to its new timelines.



Those with incomes above £50,000 will join the programme in 2026 while those in the £30,000 to £50,000 bracket will join in 2027. The Treasury is currently reviewing whether MTD quarterly reporting is appropriate for people with income between £10,000 and £30,000.

However, representatives from the business, tax and accountancy world have expressed severe doubts to MPs about HMRC’s ability to get the project online at its current schedule.

If you need support with your business tax or have any questions regarding this issue, please speak to your accountant.

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