

A new acronym

Most readers of our articles will recognise the acronym CGT or IHT - Capital Gains Tax or Inheritance Tax - and the myriad of other taxes that affect most UK taxpayers in or out of business:

IT – Income Tax

NIC – National Insurance

VAT – Value Added Tax

But what about MTD?

MTD will be recognisable by most business owners who are registered for VAT. It stands for Making Tax Digital.

MTD for VAT purposes was introduced for businesses with a taxable turnover above the VAT registration threshold in April 2019, and since then all businesses registered for VAT are required to file their returns to HMRC using approved digital methods.

Eventually, nearly all of the information presently submitted to HMRC on a formal tax return will be delivered automatically by software direct to HMRC servers. Which introduces yet another acronym – MTD for ITSA (Making Tax Digital for Income Tax Self-Assessment).

The introduction of this filing process has been delayed for a number of years and is now due to commence for self-employed persons and landlords with an income of more than £50,000 from April 2026. Those with income between

£30,000 and £50,000 will be required to join MTD for ITSA from April 2027.

At present there is no date by which the self-employed and landlords with income under £30,000 will be drawn into this scheme.

Before the relevant deadlines, affected traders and individuals will need to keep their records in an approved electronic format that will automatically send their returns (previously submitted on a tax return) directly from their computer to HMRC. This will have to be done quarterly, not annually as at present!

Digitisation of record keeping will not only facilitate these compliance obligations, but it will also have positive benefits enabling better management of finances.



If you are self-employed or an unincorporated landlord and still keep your records manually or on a spreadsheet, please get in touch with your accountant. They can help you identify a cost-effective software solution to have you ready and waiting for the MTD for ITSA conversion deadlines.

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