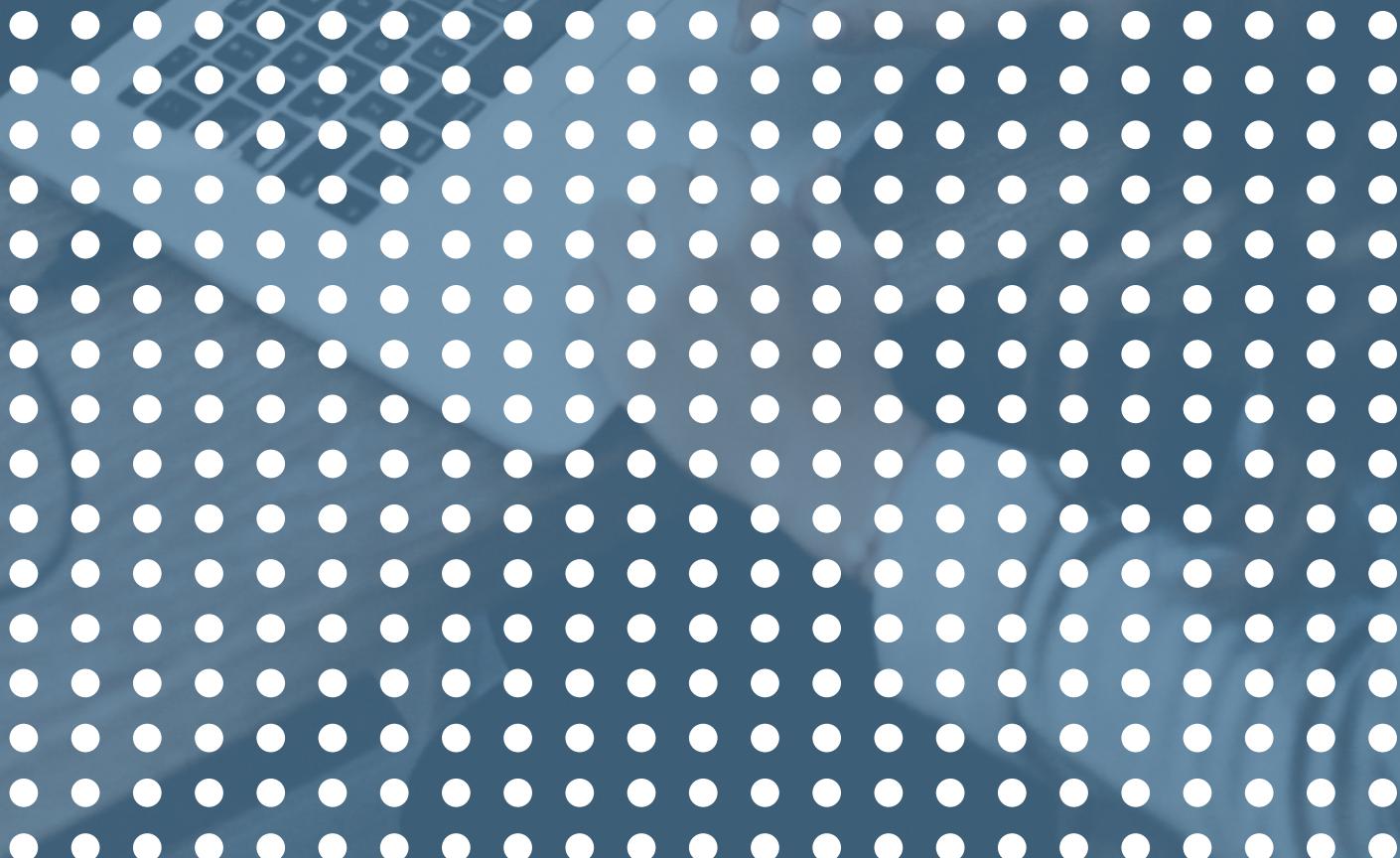


CT • Accountants
• Advisers

Making Tax Digital: Income Tax Self- Assessment



- **Making Tax Digital (MTD) for Income Tax**
- **Self-Assessment (ITSA) is intended to help modernise the UK tax system. HMRC aims to make it easier for everyone to get their tax affairs correct.**

Taxpayers who qualify for MTD will need to submit returns online and more frequently, providing HMRC with up-to-date information throughout the tax year.

The start date for this is 6 April 2026 for the first group of people, with the criteria being widened each year after that.



Does MTD affect you?

If you:

- Are an individual (trusts or partnerships are not currently in MTD's scope), and
- Receive revenue of over £50,000 in the 2024/25 tax year, and
- That revenue is received from sole trade and / or rental businesses (including overseas revenue or rents from overseas properties but not including income received from partnerships)

...then you're within the scope of MTD for ITSA and you need to start complying from 6 April 2026.

It's a staggered introduction based on revenue, so others will use the system later. Taxpayers receiving revenue of over £30,000 in the 2025/26 tax year will need to use MTD for ITSA from April 2027. This threshold will be reduced again to £20,000 from April 2028.

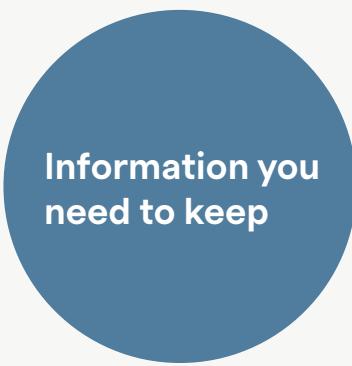




What do you need to do?

If you're in scope of MTD for ITSA, to comply you'll need to:

- Maintain digital records
- Sign up each of your businesses for MTD
- Use MTD-compliant software to keep your digital records and to file quarterly MTD for ITSA returns.



Information you need to keep

You need to record each transaction with (at a minimum):

- The amount (paid or received)
- The date (of payment or receipt)
- The transaction category. (For example, "legal, management and other professional fees" or "cost of goods". MTD for ITSA uses the same categories for income and expenses as the usual annual Self-Assessment tax return.)



Deadlines to meet

MTD requires quarterly reports. You'll need to submit details of your business income and expenditure (with a quarterly update for each of your sole trader / rental businesses). By default, the period each return will cover and its deadlines for submission to HMRC are:

Update period	Deadline
6 April to 5 July	7 August
6 July to 5 October*	7 November
6 October to 5 January*	7 February
6 January to 5 April*	7 May

*Each submission after the first of the year will also be a confirmation that the previous submission(s) are accurate and up to date.

You can make an election to file returns on calendar quarters - 30 June, 30 September, 31 January and 31 March - if that's beneficial to you.

A Final Declaration will also need to be submitted. This is similar to the current Self-Assessment tax return, covering all of your income, reliefs and capital gains. Specific information on the contents of the Final Declaration is expected soon.

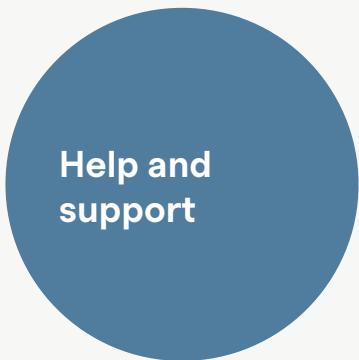




Getting ready for MTD for ITSA

We recommend that - whether you need to comply from 6 April 2026, or later - you arrange your affairs to be MTD-ready. Specifically:

- Having a separate bank account for your businesses - ideally, one for each self-employment business and / or rental property
- Ensuring you have easy access to bank statements, preferably digital copies
- Collating all of your invoices in one place (spreadsheet, folder or otherwise). Invoices should ideally be digital, though some HMRC-compliant software packages can deal with paper copies.



Help and support

MTD has had a staged roll-out. We've been helping businesses with MTD compliance since 2019, so have plenty of experience of handling the requirements.

Since then we've maintained a team who keep abreast of all MTD developments so we can provide comprehensive advice to our clients. We can help you:

- Understand your MTD requirements
- Register for MTD with HMRC
- Advise on MTD-compliant software and a solution that works best for you
- Submit of your quarterly updates and final declarations.

Everyone's MTD need is likely to be different, so we'll work closely with you to provide a solution that works.

If you'd like to know more, or have any questions, please contact your usual CT contact or our Making Tax Digital team (MTDIT@ct.me).



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