



David Meredith

# Making Tax Digital – Why?



“Making Tax Digital is a key part of the government’s plans to make it easier for individuals and businesses to get their tax right and keep on top of their affairs - meaning the end of the annual tax return for millions.”

# Making Tax Digital – Really Why?



Which means:

- You must pay for the software
- You do all the work
- We can keep a closer eye on you
- You will pay us more
- And we might want it earlier

Or perhaps you might become more efficient?

# MTD – Where are we now?

VAT – Already in place for all VAT registered businesses

Income tax – PAYE or SA

National Insurance – PAYE or SA

Corporation tax – Annual return plus iXBRL

Capital Gains Tax – SA plus 60 day reporting

Inheritance Tax – Online forms with manual or online submission

Stamp Duty – Online submission or manual forms

# MTD – Where will we be?

Businesses (Corporation tax and Income tax) – Digital filing direct from software on quarterly basis plus annual returns.

Individual Income tax and National Insurance – no change except:

Landlords – Digital filing direct from software on quarterly basis plus self-assessment.

CGT, IHT and Stamp Duty – no change (yet!)

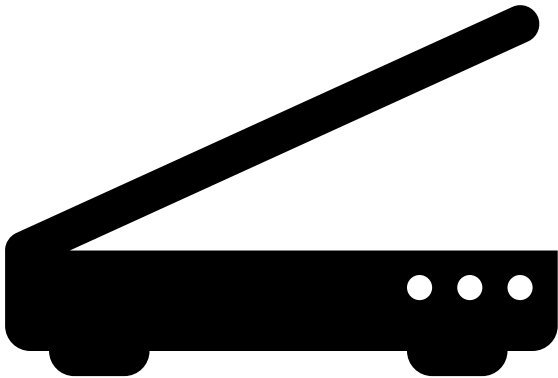
# MTD – Who is next?

- Sole Traders and
- Rental “businesses”

Must add turnover together to determine eligibility

Rental turnover in joint names is split between owners to determine eligibility

2024/25 tax returns will be used to determine eligibility – HMRC will contact those over initial threshold



# MTD – When?



From 06.04.26 businesses with >£50K combined turnover

And then from 06.04.27 for businesses with >£30K combined turnover

And then from 06.04.28 for businesses with >£20K combined turnover

Partnerships and businesses subject to corporation tax – not yet!

# MTD – What

- Quarterly reporting
- Combine income and expenditure for all businesses
- Digitally linked from records to HMRC
- Simplification for retail businesses allowed
- Following SA requirements
- Simple “three line accounts” if turnover below £90,000
- Annual returns as now



# MTD - Exemptions



- Turnover below £20,000
- Charities (unless trading)
- Digitally excluded – e.g. no internet coverage
- Digitally ignorant – will need to claim exemption on grounds of age, disability etc.
- Religious grounds – e.g. the Pilgrim's Brethren

# MTD – How? Option 1

Software – you will need some!

- Sage
- QuickBooks
- Xero
- Free Agent
- Many others now



# MTD – How? Option 2

## Excel

The Government has confirmed that “businesses will be able to continue to use spreadsheets for record keeping, but they must ensure that their spreadsheet meets the necessary requirements of MTD for business (such as passing relevant information across to HMRC every quarter), which will involve combining the spreadsheet with additional software to perform the upload of data to HMRC.”

- Conversion software will be needed
- Absolute Accounting Excel VAT filer and Excel Income Tax Filer

# MTD – How? Option 3

## Outsource

- Bookkeepers
- Some accountants
- Letting agents?



Member of Property Redress



# MTD - Other points



VAT registered already? This should not be onerous.

VAT registered businesses – coterminous quarter dates vital from 01.04.26; otherwise 9 submissions p.a. instead of 5.

If you have software, make sure it is up to date.

If you don't – decide what you are going to do soon!



Any questions?  
Thank you for listening!

**David Meredith**