

Making Tax Digital for Income Tax (MTD ITSA)

Currently, all VAT-registered businesses are required to follow the Making Tax Digital rules by keeping digital records and using software to submit their VAT returns.

Furthermore, MTD Compliance will be applicable for self-employed and landlords, with Income thresholds as follows:

-From 6 April 2026 if you have an annual gross income of over £50,000 from self-employment and/or property letting

-From April 2027 if you have an annual gross income of more than £30,000 and up to £50,000 from self-employment and/or property letting

-From 6 April 2028 if you have an annual gross income of more than £20,000 and up to £30,000 from self-employment and/or property letting

You will have to file quarterly returns to H M Revenue and Customs and complete a year-end tax return through the system which we will be able to assist you.

The following groups will not be required to use MTD for Income Tax, (subject to notifying and satisfying HMRC that they are exempt):

- taxpayers with a Power of Attorney
- non-UK resident foreign entertainers and sportspeople with no other income sources that count as qualifying income for MTD
- taxpayers to whom HMRC cannot provide a digital service

There are some small taxpayer groups where building additional requirements represents cost and complexity for HMRC. To prioritise successful delivery of MTD, the following groups will not be required to join MTD for Income Tax over the course of this Parliament (until 2029):

- ministers of religion
- Lloyd's Underwriters
- recipients of the Married Couples' Allowance
- recipients of the Blind Persons' Allowance

Additionally, individuals will not be required to use MTD until April 2027 if they had information that they would need to submit using the SA109 schedule. HMRC will work with stakeholders to finalise the design of a one-year deferral for these groups. This allows time to incorporate into MTD the government's changes to the taxation of non-UK domiciled individuals.