



A Guide to Making Tax Digital



What is Making Tax Digital?

Making Tax Digital (MTD) is HM Revenue & Customs (HMRC) initiative to digitise the UK tax system through the phasing in of new digital tax recording and reporting requirements.

This scheme aims to bring the UK's tax system into the modern era by innovating the approach that businesses use to report their affairs.

Under MTD, businesses and other taxpayers need to use HMRC-compliant software and processes to submit information digitally every quarter.

This will help to ensure that the tax information HMRC holds is accurate and up to date.

Although businesses may need to make a greater number of submissions each year, the point at which tax is due remains unchanged.

At present, MTD has mainly been implemented for VAT, but from April 2026, MTD for Income Tax Self Assessment (ITSA) will apply to taxpayers with qualifying income exceeding £50,000, with the threshold reducing to £30,000 from April 2027 and £20,000 from April 2028.



What is MTD-compatible software?

If your accounting software is 'MTD-compatible', it has the facility for MTD quarterly reports to be filed with HMRC and receive information back from HMRC directly, such as confirmation that the information has been received.

HMRC has published a list of accounting software providers who currently have MTD-compatible software.

However, we can help you find online accounting software that is suited to you and your business's needs.



Making Tax Digital for Income Tax

Self-employed businesses and landlords with qualifying annual business and/or property gross income above £50,000 must now follow the rules for MTD for Income Tax from accounting periods starting on or after 6 April 2026. The first reporting deadline for this first phase is 7 August 2026, with each deadline following exactly three months after this date. From April 2027, these rules will be extended to those with business and/or property income exceeding £30,000. From April 2028, this threshold will drop to £20,000. Partnerships may also need to comply with these rules at a later date, which is yet to be confirmed.

This is the next important phase of MTD and requires self-employed businesses and landlords to report income using compliant software on a quarterly basis.

In some cases, businesses and their agents are already using compliant software to keep digital records, which may make this transition simpler.

HMRC has now moved beyond the pilot stage and is preparing for the phased implementation of Making Tax Digital for Income Tax Self Assessment (MTD for ITSA), beginning from April 2026.

How we can help

With the requirements of MTD in mind, we can offer dedicated advice on cloud accounting systems that are compliant with MTD.

Our dedicated cloud solutions can offer you a fully-optimised online accounting service. With just a click of a button, you can access every essential financial tool in one location, empowering you to make decisions that help your business grow and flourish.

Aside from the added advantage of helping you with the digital record-keeping and reporting required for MTD, our online accounting services also offer businesses and individuals many great benefits, such as:

- **Time-saving** – Access your online account in seconds, allowing you to spend more time on what is important – you and your business.
- **All your records in one place** – User-friendly dashboards make finding records, invoices, bills and reports easier than ever before.
- **Software that suits you** – We use the latest and most advanced accountancy software and apps stacks to suit your business's needs.
- **Agile accounting** – Access your records on-the-go from a mobile or tablet device, whenever you need them.
- **Expert advice** – Whether you are already an expert or just starting out, our team will ensure that your business will get the most out of online accounting.
- **Safe and secure** – We only use certified online software with bank-level security and 24/7 customer support.
- **Real-time collaboration** – Work, share and create in real-time with your accountant or another member of your team.

If you would like to find out more about our online accounting services and expertise, please contact us.