

Broadcast

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Making Tax Digital for Income Tax Self-Assessment (MTD for ITSA) will apply from 6 April 2024 to self-employed businesses and landlords with annual business and/or property income of more than £10,000 a year. HMRC have recently published guidance on meeting the requirements. If you fall within the scope of MTD for ITSA, it is important that you understand what you will need to do to comply.

Key dates

MTD for ITSA applies for the 2024/25 tax year onwards to self-employed businesses and landlords with gross business and/or property income of more than £10,000 a year. Under MTD for ITSA, you must send quarterly updates to HMRC within one month of each quarter end. You must also send an end of period statement by 31 January following the end of the tax year (so by 31 January 2026 for 2024/25), and make a final declaration by the same date.

This note explains what you will need to do to meet the requirements under MTD for ITSA.

Choose MTD-compatible software

You will need to use software that works with MTD for ITSA and is capable of:

- Creating and storing digital records of all your business transactions;
- Sending updates of your total business income and total business expenses to HMRC each quarter; and
- Making an end of period statement.

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You can use your software to make your final declaration. Alternatively, this can be made via your HMRC online services account.

If you have more than one business, or are both a self-employed trader and a landlord, you will need to keep separate records for each business and make separate submissions.

You will need to authorise your software so that you can use it to make submission to HMRC. Your software provider will be able to explain how to do this. We can also make submissions on your behalf.

Keep Digital Records

Under MTD for ITSA you must keep digital records of your business income and expenses. You can do this within your MTD-compatible software.

Send quarterly updates

You will need to send quarterly updates to HMRC. Your MTD software will create quarterly summaries comprising the totals for each income and expenses category. The quarters run to 5 July, 5 October, 5 January and 5 April and the quarterly updates must be submitted within one month of the end of the quarter (i.e. by 5 August, 5 November, 5 February and 5 May). If you prefer, you can prepare your updates to the end of the calendar quarter (30 June, 30 September, 31 December and 31 March). However, the submission deadlines remain the same. If you miss the deadline, you may be charged a penalty.

You do not need to make any changes to the information contained in your quarterly update, but you can do so if you would like your estimated tax bill to be more accurate.

Make your end of period statement

At the end of the tax year, you will need to make an end of period statement. This is also the mechanism by which you can:

- make accounting adjustments;
- make tax adjustments; and
- claim reliefs or allowances.

When you make your end of period statement, you must declare that the information that you have provided is complete and correct and that you have finalised your tax position for that business for the tax year.

You must make your end of period statement by 31 January after the end of the tax year to which it relates.

Once you have submitted your end of period statement, you will be able to see an updated estimate of your tax bill.

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Make your final declaration

You will also need to send HMRC details of other income, such as savings and dividends. This is done by making a final declaration. You can either do this via your software or through your HMRC online account.

We can help

All the accounts software we presently recommend will cope with the various returns and online processes set out above.

However, if you are not yet using MTD ready software, and will be required to comply with MTD for ITSA, now is the time to consider your options. Please call so we can help you make this change. Contact us on **01753 888211** or email **info@nhllp.com**