

Broadcast

FACTSHEET: MAKING TAX DIGITAL FOR INCOME TAX – UPDATE

SPECIAL ISSUE

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Following the last update, we issued on January 2023 (Click [HERE](#) for Copy) we are writing to update you with where we currently stand.

Broadly, HMRC have continued to issue announcements but only to the effect that they are working hard to continue to design their systems and agree the timetable for introduction as currently proposed.

We have checked closely for any direct or indirect announcements in the March 2024 Budget but nothing significant was announced.

We will continue to review HMRC's plans and announcements and will update you when we know more.

It is therefore worth reminding those who may be affected what they will be expected to do and by when, based on current guidance and published information.

Who is affected? - Sole Traders, unincorporated businesses, and Landlords.

It is still the case that general partnerships (non-LLPs) have no planned introduction date at the moment.

If your total turnover (i.e. gross income before expenses) from your business and/ or any property is above £50,000 you will need to start the MTD process from April 2026.

If your turnover is above £30,000 then you will start from April 2027.

Importantly, this turnover test is measured by reference to your last submitted tax return. So, for the April 2026 deadline, if your total business gross income reported in your 2024/25 Income Tax Self-Assessment return is above £50,000 you will need to register.

If you currently have this level of gross income or expect it will rise to that level in the current tax year 2024/25, it will be vital to start planning earlier rather than later to review your current systems as ensure you are ready for MTD in April 2026.

What are the likely requirements for MTD?

Currently, you are likely to have to complete your Income Tax Self-Assessment return once a year and make payments on account on 31 January and 31 July each year.

To be clear, at the moment, there is no change and no announced changes to the payment regime.

What is affected significantly is the reporting regime as follows: -

- A requirement to complete a quarterly information report for the quarters to 5 July, 5 October and 5 January and 5 April. These reports are due 30 days after the end of the quarter, so the first quarterly report for anyone caught MTD from April 2026 will be 5 August 2026.
- In addition to these four quarterly reports, there will be one annual “End of Periods Statement” (EOPS) per business (so if you have more than one business or have business and property income), there will be more than one statement.
- There will then be one annual final declaration submission broadly speaking your normal self-assessment tax return in the expected format.

The EOPS will need to be filed before your final tax return declaration, which everyone will know has to be filed by 31 January following the end of the previous tax year on 5 April.

In summary, anyone affected will be required to complete 6 returns per year instead of one!

Actions to take now?

1. Consider whether you are likely to be a sole trader, business or landlord that is affected and then assess your likely total gross income from all business and property sources for the tax year 2024/25 to see whether your obligation will be in April 2026, or April 2027.
2. If you believe you may be caught by April 2026, a review of your current accounting system, software used and record keeping processes is strongly recommended. Whilst many software providers have already updated their systems ready for MTD, many individuals are not fully using these systems and taking short cuts, or not using the relevant updated software version.

We at Nunn Hayward, as you will see from our previous updates, are doing our best to react as soon as we can to the information HMRC provide as to their plans with MTD. It is clear that this will still be introduced, regardless of the current clarity. If you would like to seek our assistance in advising you as to where you are now and what needs to be done and by when for your specific circumstances, please do not hesitate to contact us.

We can help

Please call us on **01753 888 211** or email **info@nhllp.com** if you need guidance with any of the issues raised in this Broadcast. We would be happy to help.