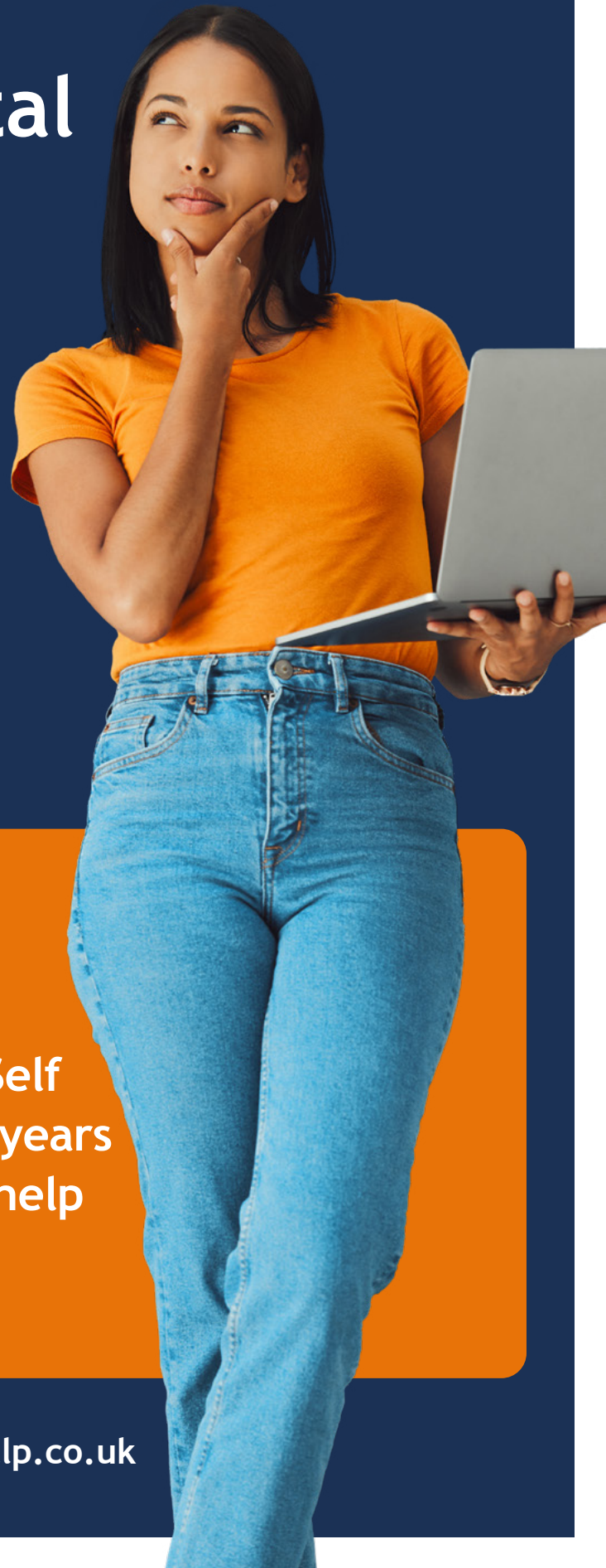


Making Tax Digital for Income Tax (MTD for IT) What it Means for You

This is the biggest change that HMRC have launched since the introduction of Self Assessment more than 30 years ago and Whitings LLP can help you navigate through it!



What is MTD for IT & Will I be Affected?

What is MTD for IT?

In addition to submitting your annual self assessment tax return, you will now submit 4 quarterly returns through the year using a recognised software to record income and expenditure from each income source.

Will I be Impacted?

If you have qualifying income from self-employment or rental income exceeding £50,000, you will be mandated to MTD for IT in April 2026. HMRC are assessing the turnover made from your 2024-25 tax return in order to mandate the relevant tax payers.

If you are recently self employed or in receipt of income from property (including foreign property), the mandating will only begin after the completion of your first Self Assessment Tax Return.

HMRC will not sign clients up to Making Tax Digital for Income Tax automatically so it's important to do it in time and be ready!!

Partnerships & Limited Companies

HMRC have not yet announced plans for Partnerships or Limited Companies to be affected by Making Tax Digital, however it can be expected that this will change in the future. A change in business structure could therefore remove your requirement of being MTD for IT compliant, but please do seek advice from your relevant Whittings contact/local Whittings office in regard to this, if it is something you wish to explore.



April 2027 & April 2028

Those with qualifying income below £50,000 will be gradually mandated to join MTD for IT going forwards.

It is confirmed that from 6 April 2027, those with turnover above £30,000 will be affected, and from 6 April 2028 those with turnover in excess of £20,000.

What Counts as Qualifying Income?



Your qualifying income is the total income you get in a tax year from self-employment and property.

HMRC will assess your gross income (also called your turnover) from your Self Assessment Tax Return before you deduct expenses.

EXAMPLE

For example, your gross income (income before you deduct expenses) could be:

- £25,000 from rental income
- £27,000 from self-employment income

In this example, your total qualifying income would be **£52,000**.



What Will I Need To Do?

How Will the Submissions Be Made?

These submissions will be made through cloud based software. Our preferred software providers include:



Here's How We Can Help You



We are here to help our clients through the transition and provide our services where necessary.

Whether you wish for us to complete all of the bookkeeping and submissions (Fully Managed), help with reviewing your own bookkeeping before submission (Semi Managed), or simply provide the software for you to use yourself (Self Managed), we are here to support our clients.

What information will HMRC need?

HMRC will require quarterly returns to be submitted which comprise of your total income and expenditure for the quarterly periods in line with the current Self Assessment Tax Return headings.



Quarterly Updates

Every quarter you will need to let HMRC by way of online submissions your income and expenses from your sole trade or letting business. These updates are a simple summary of income and expenses, similar to your annual Self Assessment Tax Return headings, direct from your accounting software. This will enable you to keep track of profits throughout the year which can help budget, forecast and plan.



Although submitting information quarterly you will not have to pay tax quarterly.

The deadline for paying your tax remains 31st January.

As can be seen from the table below, the due date for submission of the quarterly update will be 7th day of the following month.

Period	Due Date for Submission
6 April to 5 July	Due by 7 August
6 July to 5 October	Due by 7 November
6 October to 5 January	Due by 7 February
6 January to 5 April	Due by 7 May

It is possible to elect for the update periods to tie in with a month end if this is more convenient, however the due dates will remain the same. In this case, the periods become:

Period	Due Date for Submission
1 April to 30 June	Due by 7 August
1 July to 30 September	Due by 7 November
1 October to 31 December	Due by 7 February
1 January to 31 March	Due by 7 May

In addition, you will still be required to complete and submit your Self Assessment Tax Return to include your other sources of income such as interest, dividends etc. The figures that you have submitted throughout the year for your sole trade or letting business accounting records will be pulled in digitally.

Benefits of Making Tax Digital for Income Tax

Lets Get Started!



More refined business planning.
You'll have up-to-date cash flow information.



Log your expenditure as you go.
No more trying to find lost receipts!



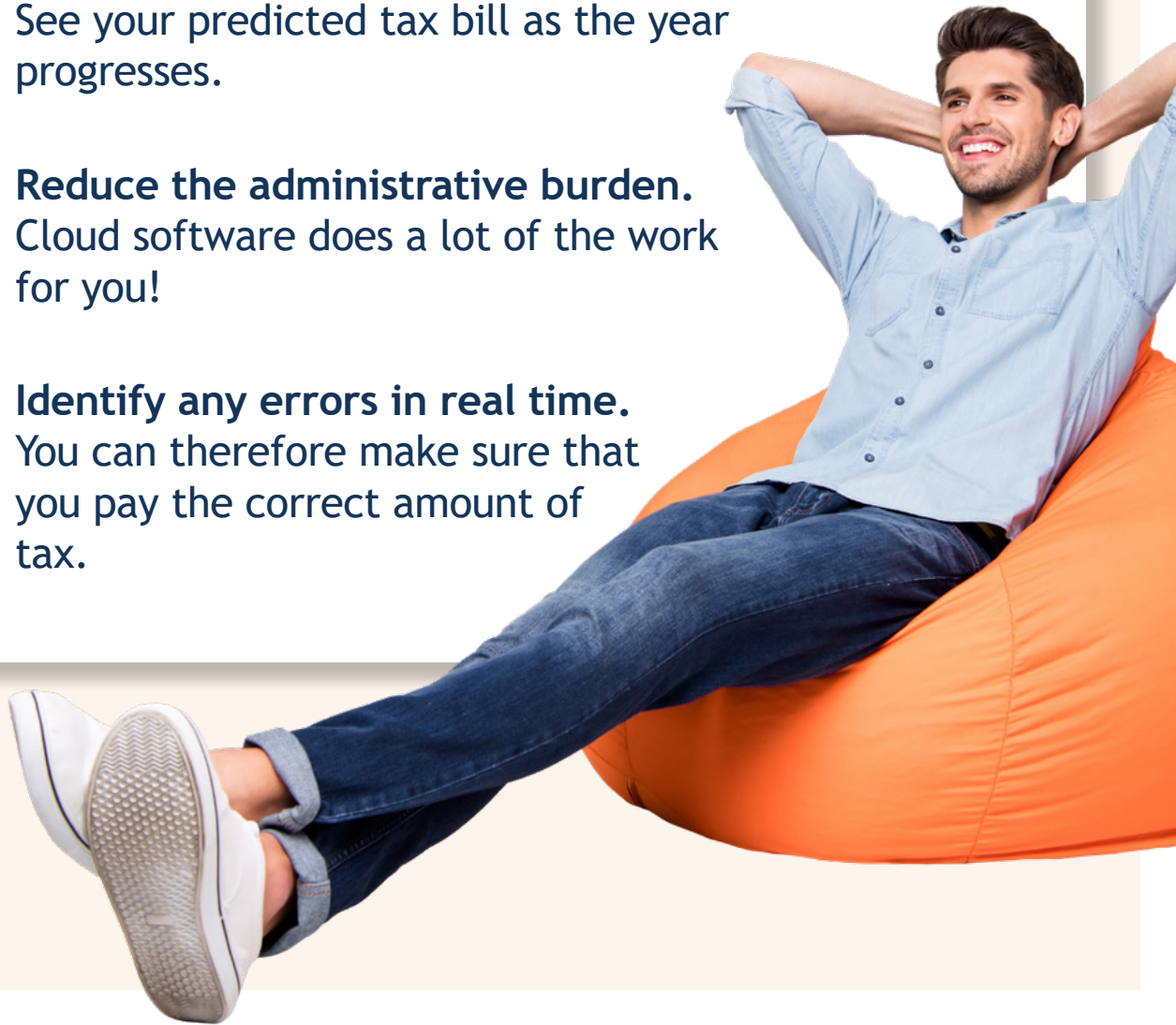
No more surprises in January!
See your predicted tax bill as the year progresses.



Reduce the administrative burden.
Cloud software does a lot of the work for you!



Identify any errors in real time.
You can therefore make sure that you pay the correct amount of tax.



Contact Us & Get Ready!

We're here to help!

There are many steps that we here at Whitings LLP can take to help to prepare you for this change, even if you will not be mandated until 2027 or 2028.

Please speak to your Whitings LLP contact to find out how you will be affected and the next steps to take in preparation.



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