

ACCOUNTANCY SERVICES

# Making Tax Digital

A quick guide to help you understand more about MTD, and key milestones.



Making Tax Digital (MTD) is here, and more developments in the UK tax system are set to roll out. **With this QuickBooks MTD guide, you'll get a better idea of what MTD is, and what deadlines you need to be aware of.** Get ready to discover how Making Tax Digital affects you and your business and learn how to get started with MTD-compliant software by QuickBooks.



# What is Making Tax Digital (MTD)?

MTD has been introduced by HMRC to help you (and your business) get your tax right with digitisation. That's right, it's time to leave those spreadsheets and paper records behind and move over to a new, more convenient, system. At the moment, MTD is all about VAT submissions, but over the coming months and years, it will include Income Tax and Corporation Tax too.

## How do businesses comply?

For your business to comply with MTD for VAT, you have to keep digital records. This must be done using what HMRC calls 'compatible software'. In other words, it must be able to connect directly to HMRC and send your details to them using digital links.

## When will MTD affect me?

MTD was introduced for nearly all VAT-registered businesses with a taxable turnover above £85,000 in April 2019. **From April 2022, this was extended to all VAT-registered businesses in the UK.** Good news is you're already on the right track. QuickBooks' HMRC-recognised MTD software is designed for small businesses.

# MTD for Income Tax Self Assessment (ITSA)

If you're eligible, Making Tax Digital for Income Tax Self Assessment (MTD for ITSA) will replace the current requirement to file an annual Self Assessment tax return. Instead, you'll use software, like QuickBooks, to keep digital records and file updates at least every quarter through MTD-compatible software to HMRC.

MTD for Income Tax is set to roll out from April 2024 and will cover all unincorporated businesses and landlords for Self Assessment with annual business/rental income over £10,000.

Speak to your accountant or bookkeeper to find out more about MTD for ITSA, and using compatible software like QuickBooks for your business.

# Making Tax Digital Key Deadlines

Here are key dates to help you understand what's happening, and when, for MTD.



## April 2022

**MTD for VAT applies  
to all VAT-registered businesses**

From 1 April 2022, all VAT-registered businesses have to comply, regardless of their turnover. So, HMRC won't accept manual entries on VAT returns anymore. All info will have to be submitted using digital links.

## April 2024

**Making Tax Digital for Income Tax applies to  
self-employed businesses and landlords with annual  
business or property income above £10,000**

- Keep electronic accounts and bookkeeping records
- Make quarterly submissions
- Produce an end-of-period statement using accounting software

## April 2026

**Making Tax Digital for Corporation  
Earliest date tax will come into effect**

This includes incorporated businesses and other organisations liable for corporate tax.

# Frequently asked questions

## What is Making Tax Digital?

Making Tax Digital, or MTD, is HMRC's solution to simplifying tax. By digitising the process the UK government wants to transform the way we do our taxes, making it more effective, more efficient and easier to get it right.

## Is Making Tax Digital compulsory?

Making Tax Digital for VAT is compulsory for VAT-registered businesses with a taxable turnover of over £85,000. In April 2022, this was extended to all VAT-registered businesses.

## When is Making Tax Digital happening?

Making Tax Digital for VAT is already in effect for VAT-registered businesses with a taxable turnover of over £85,000. Key dates to be ready for:

- April 2022 - Making Tax Digital for VAT (for all VAT-registered businesses)
- April 2024 - Making Tax Digital for Income Tax
- April 2026 - Making Tax Digital for Corporation Tax (earliest date Corporation tax is expected to come into effect)

## What do I have to do for Making Tax Digital?

To comply with MTD, businesses have to keep digital records. This must be done using what HMRC calls 'functional compatible software', like QuickBooks. Your accountant or bookkeeper in most cases will be able to guide you through MTD, and what you need to do next.

## How do I sign up for Making Tax Digital?

If you're eligible for MTD for ITSA, it's best to get yourself signed up with HMRC before the scheme becomes mandated on 6 April 2024. In many cases, your accountant or bookkeeper may be able to sign you up, and they will be able to talk you through the steps and information needed.

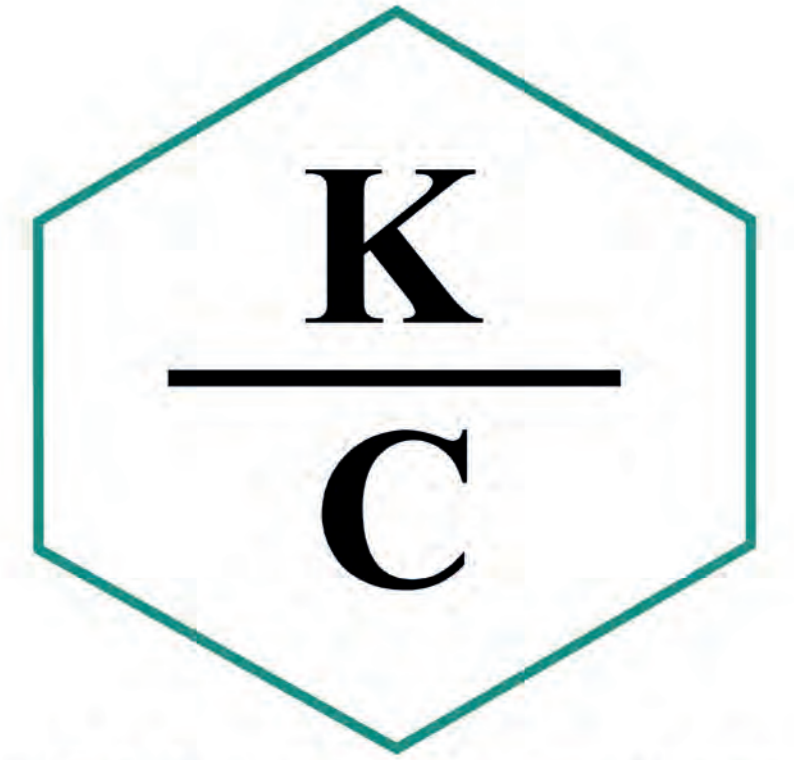
## What are my next steps?

It's simple really—speak to your accountant or bookkeeper to find out more about MTD ITSA, and using compatible software like QuickBooks for your business.





**We're here to help you  
every step of the way**



ACCOUNTANCY SERVICES

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