

# MTD ITSA UPDATE

After insisting for all of this year that there would be no changes in the timetable for Making Tax Digital for Income Tax Self Assessment the Government has performed another U-Turn and has formally announced the following update with reference to the implementation of Making Tax Digital for Income Tax Self Assessment (MTD for ITSA):

- MTD for ITSA filing will **NOT** become mandatory until April 2026; this has been postponed from April 2024 but the need to get ready for this still remains.
- from that date, only the self employed and landlords with an income of £50,000 or above will need to comply; (this makes much more sense to us than the original £10000 limit and is something that we in the accountancy profession have been lobbying for.
- taxpayers with income of £30,000 or more will have to join the scheme from April 2027.

Further consultations will take place to decide how taxpayers with income of less than £30,000 will be dealt with under the MTD for ITSA scheme, as well as confirming when partnerships will have to comply.

At Higginson & Co (UK) Limited we will continue to press ahead with our digitisation process and to explore software options in particular in respect of property management software for Landlords.

We firmly believe that the business case for digitisation is apparent in the time saving for our clients and the accuracy of data for us. This enable us to provide timely and effective planning and tax advice.

The software we use already covers the different type of businesses mentioned in the guidance and is ideal for those looking for various solutions relevant to their clients, not a 'one size fits all' product.

We will continue to encourage all clients to discuss their needs with us.

## **Basis period change to go ahead as planned.**

The Government's statement did not mention the change in the basis period which is

due to move to a tax year basis from April 2024, with 2023 being the transitional year. We therefore assume that this is going ahead as planned.

If you were delaying a change of software until the MTD roll out, we would advise you to think about acting much sooner than the mandated new date. The increases in costs that we are all experiencing at the moment mean that understanding our financial information has become much more important and digitisation is a very effective tool in enabling that to happen.

We would urge you to speak to our team who'd be happy to talk you through our solutions with you.

We will keep you up to date with any further official announcements. We will continue to listen to your needs and will take care to help you make the transition to MTD for ITSA as simple as possible.

If you have any questions concerning the Government's revised timetable, and the criteria for complying with MTD for ITSA please don't hesitate to get in touch by emailing

HIGGINSON & CO (UK) LTD