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SUMER
NORTHERN IRELAND

Making Tax Digital for Income Tax is Here - Are You Ready?



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Making Tax Digital (MTD) for Income Tax has now come into force, introducing a new way for certain individuals to report income to HMRC. Following the successful rollout of MTD for VAT, this next phase marks a significant change for sole traders and landlords who meet the criteria.

If you are affected, it is important to understand what's changed and what actions you now need to take to remain compliant.

What is Making Tax Digital for Income Tax?

Making Tax Digital for Income Tax changes how Self-Assessment information is recorded and submitted. Instead of completing a single return, individuals within scope must now keep digital records and submit updates to HMRC throughout the year using compatible software.

Under the new rules, taxpayers are required to:

- Maintain digital records of income and expenses
- Submit quarterly updates to HMRC
- Complete a final declaration at the end of the tax year.

The intention is to improve accuracy and give taxpayers a clearer, more up-to-date picture of their tax position.

Who does this apply to?

From **6 April**, Making Tax Digital for Income Tax applies to individuals with "**Gross Qualifying Income**" **over £50,000** from self-employment and/or property. This includes landlords with rental income over the threshold.

The £50,000 limit is based on total income rather than profit, meaning some individuals may be affected even if their net income is lower than expected.

HMRC has confirmed that the threshold will reduce in future years, bringing more people into scope over time.

Tax Year Assessed	Qualifying Income Threshold	MTD for ITSA begins	First Tax Year Using MTD for ITSA
2024/25	£50,000	By 6 April 2026	2026/27
2025/26	£30,000	By 6 April 2027	2027/28
2026/27	£20,000	By 6 April 2028	2028/29

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What does this mean in practice?

The move to Making Tax Digital represents a change in approach rather than simply a new form to complete. Those affected will need to submit income and expense information to HMRC on a **quarterly basis**, rather than waitng until the end of the tax year.

While tax payments will still follow the existing timetable, taxpayers must now ensure their records are kept digitally and are up to date throughout the year.

Paper records and manual systems will no longer meet the requirements on their own.

Quarter	Period Covered (Calendar Quarter)	Filing Deadline
1	6 April to 5 July or (1 April to 30 June)	7 August
2	6 April to 5 October or (1 April to 30 September)	7 November
3	6 April to 5 January or (1 April to 31 December)	7 February
4	6 April to 5 April or (1 April to 31 March)	7 May

Software and Digital Records

To comply with MTD for Income Tax, indviduals must use **HMRC-compatible software**. This software is used to:

- Keep digital records
- Submit quarterly updates
- Complete the final declaration

There are a range of software options available, depending on individual needs and circumstances. Get in touch with a member of our team if you would like to discuss further.

Choosing the right solution is an important step in meeting your obligations and avoiding difficulties later in the tax year.

Why it's important to act now

Now that Making Tax Digital for Income Tax is live, it is important to ensure that your systems and processes are working as they should. Early action can help reduce the risk of errors, missed deadlines and potential penalties.

Taking the time to review your record-keeping and reporting arrangements now can make the ongoing requirements far more manageable.

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How we can help

Understanding whether you are affected, selecting appropriate software and managing the transition to quarterly reporting can feel daunting.

Professional advice can help ensure you are meeting your obligations correctly and give you confidence that your tax affairs are compliant under the new MTD rules.

Call us on 028 9024 9222 or email:

- **Aidan McKeown:** aidan.mckeown@sumerni.co.uk
- **John-James Cooney:** johnjames.cooney@sumerni.co.uk

Final Thoughts

Making Tax Digital for Income Tax represents a major shift in how income is reported to HMRC. While the changes may take some adjustment, the right preparation and support can make the process considerably smoother.

If you are unsure how the new requirements apply to you, or whether your current systems are compliant, it's worth seeking advice sooner rather than later.

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