



If you haven't yet heard of MTD for ITSA  
(Making Tax Digital for Income Tax Self-Assessment), read on...  
It will apply to all self-employed individuals in the next few years.  
And it certainly pays to be ahead of the game.

We were all expecting MTD for ITSA to become mandatory in April 2024 for anyone earning over £10,000 per annum, but HMRC have moved the goalposts, meaning that this won't happen until 2027. But!...

For those earning over £50,000 through their own business or property, MTD will come in to play for them in April 2026, followed closely by those earning over £30,000 in April 2027.

I know what you're thinking.... It's all well and good throwing dates and deadlines at me, but...

### **What does MTD actually mean?**

When your deadline arrives, it will be mandatory for you to keep digital records of your income and expenditure. Therefore, you will need to use a software that is compatible with HMRC's Making Tax Digital system. And last, but certainly not least, you will need to submit your tax returns every quarter, instead of annually. While this brings your tax into real time, you may feel that it will be more time consuming to do this four times a year. That's why you will need to move over to a suitable software solution that works for you...It will *save* you time.

Now don't fear the tech. We all have different levels of understanding and abilities when it comes to I.T. But it doesn't need to be scary. There are plenty of simple systems out there, a couple of which I particularly like and believe that my clients will find useful and accessible.

### **Why is this change good for me?**

Well, for a start it will make it easier for you to get your tax right. Although you might believe it will take you longer, it definitely won't, and will bring you savings over the year. Not only will you have full transparency of your tax situation in real time, but for those businesses with other software systems in place, you should be able to integrate your MTD software into other management systems.

It's totally up to you which software solution you choose to use, but I personally like Xero Go and Coconut. Both are easy to use and understand.

### **What can these systems do for me?**

- Track income, send invoices, categorise expenses, and work out how much tax you owe in real-time.
- Have all your business transactions in one place.
- Give visibility of your income and expenses for the month to you and your accountant.
- Keep an eye on how much you're earning and how much you're spending each month, with all the transactions that make up those numbers, all at your fingertips.
- Help you with tasks like payroll, direct payments and automating your bookkeeping.
- Calculate VAT and file VAT returns online securely.
- Share data with your accountant and bookkeeper remotely. So no chasing for paperwork and no last minute filing!

*Using a software solution in real time...  
**you will always know how much to set aside for tax***

### **By keeping everything in one place you can:**

- Get rid of the shoebox of receipts. Simply scan and upload on your phone. Done!
- Easily share your records with your accountant, allowing real-time access and reducing back and forth emails. Imagine!
- Save time and energy by doing your bookkeeping in real time.
- Track and manage your business expenses throughout the year, so you can be sure you're claiming everything you can.
- Categorise your expenses as it happens, saving time at the end of the quarter.

It's totally up to you what software you choose, but you will need one at some point. Don't wait for the deadline, start looking into it now.

### **Helpful links:**

**Coconut**

**Xero Go**