# Making Tax Digital for corporation tax

Large Corporate | Management of taxes | OMB

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**A consultation has been launched seeking views on how Making Tax Digital could be extended to corporation tax.**

On 12 November, HMRC published their long awaited consultation (see tinyurl.com/yywfwacz) on Making Tax Digital (MTD) for corporation tax. This confirms the intention to extend MTD to corporation tax, but not before April 2026 at the earliest.
The consultation includes details on the proposed scope and operation of MTD. In summary, it is proposed that companies will need to:

- maintain digital records of their income and expenditure;
- provide quarterly updates of income and expenditure to HMRC using MTD compatible software; and
- prepare and file their annual corporation tax return using MTD compatible software.

It is likely that these requirements will lead to most companies having to make at least some changes to their current software, processes and/or record keeping, even if they already use software to keep their records and prepare their returns.

It is proposed that MTD will apply to all entities within the charge to corporation tax, with only a few minor exceptions. Importantly, unlike MTD for income tax (and MTD for VAT to date) there is no exemption for smaller businesses.

Instead, the only true exemptions proposed are for the digitally excluded and insolvent companies that would be exempt from online filing.

However, it is proposed that the requirements could be relaxed or flexed for companies in certain circumstances. In particular, those companies that fall into the

quarterly instalment payments regime for very large companies (those with profits in excess of
£20 million) may not be required to submit quarterly reports, though they will still be required to keep digital records in the required format and submit their annual corporation tax return using MTD compatible software.

The consultation closes on 5 March 2021, and HMRC have indicated they will also publish a simplified version of the consultation, aimed at small companies, in the coming months.

If you have any comments you would like to feed in to the ATT or CIOT response to this consultation, please send these to technical@ciot.org.uk or atttechncial@att.org.uk as appropriate.