Helping vulnerable people cope with Making Tax Digital

Briefings



24 February 2022

As a tax professional, you will be aware that Making Tax Digital (MTD) will be the biggest change to the personal tax system since Self Assessment was introduced in the 1990s. At the moment, MTD has focused on VAT submissions. Over the coming months and years, it will include income tax and corporation tax. Many of you are already advising businesses registered for VAT and will have seen the many benefits

that MTD can bring. Less paperwork, efficient bookkeeping and timely information can transform businesses if they have access to high quality, paid advice.

The same benefits will apply to individuals who can rely on a qualified and skilled agent to support them. The vulnerable people we support cannot afford that paid advice and are often digitally excluded. TaxAid and Tax Help for Older People already support digitally excluded people with the help of the tax professions.

HMRC has decided against producing free MTD compliant software for low-income taxpayers, as it currently does for Self Assessment. MTD will rely on third-party software companies to produce free software. Choosing this software will be beyond the capabilities of many people struggling with language and literacy challenges or mental health difficulties.

Good digital records are mandatory for MTD compliance but many vulnerable taxpayers struggle with record keeping or rely solely on paper. The tax professions have been preparing for MTD for some time, while the wider population has yet to be aware of these huge changes to Self Assessment. TaxAid and Tax Help are working now to find ways to support digitally excluded people before April 2024.

The tax charities are already working in partnership with HMRC to understand the barriers to MTD compliance. Direct research with community and advice charities has already provided insight into necessary considerations as MTD is developed for Self Assessment. Over the coming months, the charities will be asking vulnerable people across the country what they need to support their engagement with MTD. Pilot projects will directly reflect the voice of digitally excluded taxpayers ready to meet the digital tax challenges of 2024/25.

You will hear from the charities as they learn how to meet the digital needs of marginalised taxpayers. They hope to rely on your support as they address this compelling challenge.

To learn more please contact Alice Devitt on alice@taxaid.org.uk