Call for review of MTD

Briefings



22 November 2023

CIOT and ATT are calling for a full review of Making Tax Digital (MTD) for Income Tax Self Assessment (ITSA).

In a letter to the new Financial Secretary to the Treasury Nigel Huddleston, the chief executives of the two bodies set out their concerns about the current approach to MTD. They say that while they fully support digitalisation of the UK tax system and recognise the potential for easier reporting and filing to aid with reducing errors and mistakes, the current approach needs a rethink.

‘MTD is seeking to mandate decisions made almost a decade ago, which were ill-informed given that there was no prior consultation amongst those affected at the time, and the project continues to suffer delays and growing costs as the enormity and complexity of the task has emerged,’ Jane Ashton (ATT) and Helen Whiteman (CIOT) write.

The chief executives point to the results of a survey of agents’ and taxpayers’ views on MTD undertaken by the two bodies in the summer of 2023, which found that most

respondents doubted MTD for ITSA would achieve its aims. They also note that existing poor HMRC service levels are likely to be exacerbated when MTD multiplies the number of ‘touch points’ that affected taxpayers have with HMRC from one a year to at least five.

‘We recognise that significant time and money has been invested in MTD, and we are not suggesting that the project is abandoned,’ the two chief executives write. ‘However, considering the lack of tangible progress since your predecessor’s announcement last December, we would urge you to openly consult on how MTD should be progressed and to gather and consider the opinions of those affected; something which hasn’t been done for over seven years, and indeed has not been undertaken properly at all.’

The letter urges the minister to take the opportunity to carry out a full review of MTD for ITSA, including costs and burdens on business and how well the current approach will deliver on its objectives.

Read the letter at: tinyurl.com/MTDletter