Get ready now for Making Tax Digital, warns ATT

Briefings



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ATT has warned landlords and sole traders to prepare now for Making Tax Digital for Income Tax. The new rules come into force for those with a total gross income of over £50,000 a year from April 2026. Those with income between £30,000 and £50,000 will come in a year later, in April 2027.

ATT President Senga Prior said: ‘Making Tax Digital is a little over a year away, and represents the biggest change to income tax since self-assessment was introduced. HMRC are going to start writing to those they think will be affected by this change in April and May this year but, for many taxpayers, this will be the first time they become aware of the reforms. Although we’re still a year away, the scale of the change is huge.

‘Those affected must consider now how they will handle the shift, including their software options and the costs. Some might want to consider looking for a tax adviser, accountant or bookkeeper to help, if they don’t have one already. They can

also join HMRC’s testing programme if they want to have a practice run.’

HMRC will not be providing taxpayers with MTD-compatible software, needed to keep records and file returns, meaning it will have to be purchased instead from commercial providers. The ATT warns that this increased cost, along with the extra administrative work required to make more frequent submissions, could place a burden on sole traders and landlords. It has answered some frequently asked questions about MTD on its website.

For further information, see Emma Rawson’s article ‘Countdown to Making Tax Digital’ on page 10.