Rushed MTD timetable could lead to problems

Briefings



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The ‘rushed’ timetable for Making Tax Digital (MTD) gives no time for feedback and refinement of the new digital tax return regime, says ATT.

The Spring Statement included the announcement that MTD will be extended to 900,000 individuals with property or self-employment income of £20,000 or more from 6 April 2028. They will follow the previously confirmed start dates of April 2026 for those with more than £50,000 of income from these sources; and April 2027 for those with £30,000 and over.

Tax returns for the first group of MTD taxpayers will be due by 31 January 2028, meaning that HMRC will have just two months to review their experiences and make any necessary changes before the additional 900,000 taxpayers are brought into the regime from April. The ATT has warned this there is not time to conduct an effective review of MTD and that any problems are likely to be rolled over onto subsequent cohorts of taxpayers.

Emma Rawson, ATT’s Director of Public Policy, said: ‘This announcement came as a surprise. Almost one million more taxpayers are due to be brought into the scope of MTD in April 2028, just two months after the first wave of taxpayers have completed their first compliance cycle under the new regime.

‘We’re concerned that this rushed timetable won’t allow for sufficient time to review outcomes for the first group of MTD taxpayers, and to make any changes needed before the newest cohort comes in. This risks exacerbating any initial problems with the regime.

‘The April 2028 expansion of MTD will also bring in lower income taxpayers, who may be less able to afford professional advice and specialist software to help them transition to and comply with MTD. This makes having an efficient, simple MTD compliance process and clear guidance all the more important.’