Making Tax Digital: extend penalty easements

Briefings

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ATT has called on the government to extend Making Tax Digital (MTD) penalty easements to taxpayers joining the regime in April 2027, warning that more than a million lower-income sole traders and landlords may otherwise face a difficult transition.

In a pre-Budget submission, ATT argues that the second wave of taxpayers entering MTD should benefit from the same soft landing available to those who joined in April 2026, giving them more time to adapt to the new reporting requirements successfully.

Emma Rawson OBE, ATT Director of Public Policy, said: ‘Our members have been working incredibly hard to support clients through the first phase and have highlighted the challenges involved in helping people adapt to new digital record-keeping and reporting requirements. Those concerns are likely to become even more acute next year, when many of the taxpayers entering MTD are expected to have lower incomes, less experience of using software and less access to professional advice.

‘Extending the current penalty easement would give taxpayers time to understand the new system, get the right support in place and adjust to quarterly reporting without the worry of penalties during the transition.’