

Making Tax Digital for Income Tax (MTD)

**What you need to know
and how we're here to help**

At Xeinadin we know that tax changes can feel like just another burden on your time and resources. If you're already balancing the demands of running a business or managing property, the last thing you need is extra reporting requirements. We're here to help and have provided this handy guide so you have all the information you need.



What is MTD?

As part of HMRC's initiative to reduce the tax gap and digitise tax, MTD is being introduced if you have self-employment or property income:

- ✓ From April 2026 – if your total business and property income is over £50,000
- ✓ From April 2027 – if your total business and property income is over £30,000
- ✓ From April 2028 – if your total business and property income is over £20,000



What this means for you?

Under the new rules, affected individuals will need to:

- ✓ Keep digital records of their income and expenses, using MTD-compatible software
- ✓ Submit quarterly updates to HMRC
- ✓ Provide a 'Final declaration' by 31 January after the end of the tax year. This will replace the current self-assessment tax return



If you already submit VAT returns under MTD using accounting software, then you will already be familiar with the digital record-keeping requirements.

Your total income for the 2024-25 tax year will determine if you will be affected. As soon as we have prepared your tax return for that period, we will confirm whether you will be or not. HMRC are also writing to those they think are likely to exceed the thresholds.

Failure to comply with these requirements could result in penalties. HMRC is introducing a points-based system, meaning that you won't have to pay a fine for the occasional slip-up. But, keeping up to date with your new filing obligations will be essential, and we will be here to make that as manageable as possible.



But it's not all bad...

It's important to understand that MTD won't change the amount of tax you have to pay, or the date you need to pay it by.

Once embedded into daily processes, more accurate, digital record-keeping can bring some practical benefits, such as:

- ✓ **Better financial visibility** – real-time insights into your income, expenses, and tax liabilities
- ✓ **Improved record-keeping** – reducing errors and last-minute panic at year-end
- ✓ **More control over tax payments** – knowing what's due in advance may help with budgeting
- ✓ **Potential opportunities to do some tax planning** – in advance of the year end to try and save tax where you can

What will Xeinadin do to support you?

At Xeinadin, we know that this isn't a change you asked for, but we are here to make the process as smooth as possible and ensure you meet the new requirements with minimal disruption to your day-to-day operations.

With our expertise, industry insight, previous experience moving onto MTD for VAT, and direct engagement with HMRC and software providers, we'll make sure you have the support you need.

Next steps.

For now, there's nothing you need to do. If we think you will be affected, we will be in touch before 30 June 2025 to help you prepare and ensure everything is in place well before the deadline.

If you have any immediate concerns or want to discuss how MTD will impact you, please get in touch with your usual contact at our office.



A client perspective.

"When Making Tax Digital (MTD) for VAT was introduced I was concerned about the implications for our business and how we would comply with the additional requirements. I was grateful for the support I received during the transition to MTD for VAT. The team made the process smooth and stress-free, guiding me through every step with clarity and professionalism. Their expertise gave me the confidence that we were compliant with the new requirements. Looking ahead to MTD for Income Tax which I am aware will also impact me I have no doubt that Xeinadin will continue to provide the same high level of service and support to help me stay ahead of the changes"

Elaine Armstrong, Tyne Valley Motorhomes

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Here to help

If you have any questions or would like to discuss your next steps, please contact your local office and our MTD experts are happy to assist you with any part of this process.



We are
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