

SAMS

Support Accounts Management Services

Making Tax Digital

What Every Business Owner Needs to Know

60-Minute Webinar | 4 Segments + Q&A
Presentation for AAC Members | Sunday 17 May 2026 |
10:00am

Today's Agenda

Segment 1 · Mins 0–12

What is MTD?

The what, why & legal requirements

Segment 2 · Mins 12–24

Who & What Applies

Thresholds, deadlines & compliance rules

Segment 3 · Mins 24–36

Practical Steps

Records, software & HMRC submissions

Segment 4 · Mins 36–48

Day-to-Day Impact

Your records, your accountant & next steps

+ Q&A · Mins 48–60 · Your questions answered live



What is MTD?

The concept, the purpose and the legal framework

Segment 1 · Mins 0–12

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MTD in Plain English

Making Tax Digital is HMRC's programme to move tax record-keeping and reporting online — replacing paper records and annual tax returns with **digital records and regular digital submissions**.

Keep Digital Records

All income and expense records must be maintained in compatible digital software — not spreadsheets or paper alone.

Use Compatible Software

You must use HMRC-recognised software (or bridging software) to store records and send data.

Submit Digitally to HMRC

Returns and updates are submitted directly from your software — no manual keying into HMRC portals.

Why is HMRC Doing This?

£39.8bn

HMRC's estimated 'tax gap' — unpaid or underpaid tax, much of it from avoidable errors

Reduce Errors

Digital records reduce arithmetic mistakes and late or forgotten entries that cause under or overpayment.

Real-time Visibility

HMRC can see tax positions more frequently, enabling earlier intervention on genuine mistakes.

Closer to Real-time Tax

Ultimately the goal is tax calculated continuously — not just once a year at self-assessment.

Efficiency for Business

Digital records should make it faster and easier for individuals and businesses to understand their tax position.

The Legal Requirements

Your Legal Obligations

- ✓ Maintain digital records from the start of your accounting period
- ✓ Use functional compatible software that links directly to HMRC
- ✓ Preserve digital records for at least 5 years after the submission deadline
- ✓ Submit quarterly updates of income and expenditure to HMRC
- ✓ Submit a final end-of-period statement and declaration each year

Penalties for Non-Compliance

- ! Points-based late submission penalty system (new from April 2026)
- ! Late payment interest and surcharges apply from day one
- ! Failure to keep digital records: up to £3,000 penalty
- ! Inaccuracies in submissions: behaviour-based penalties up to 100% of tax

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Who & What Applies

Thresholds, timelines and who needs to act — and when

Segment 2 · Mins 12–24

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Who Needs to Comply?

MTD for VAT

ALREADY LIVE — All VAT-registered businesses

Since April 2022, every VAT-registered business (regardless of turnover) must keep digital VAT records and submit VAT returns via compatible software. If you're VAT-registered, you're already in MTD.

MTD for Income Tax (ITSA) — Coming Soon

April 2026

Self-employed & landlords with gross income over £50,000

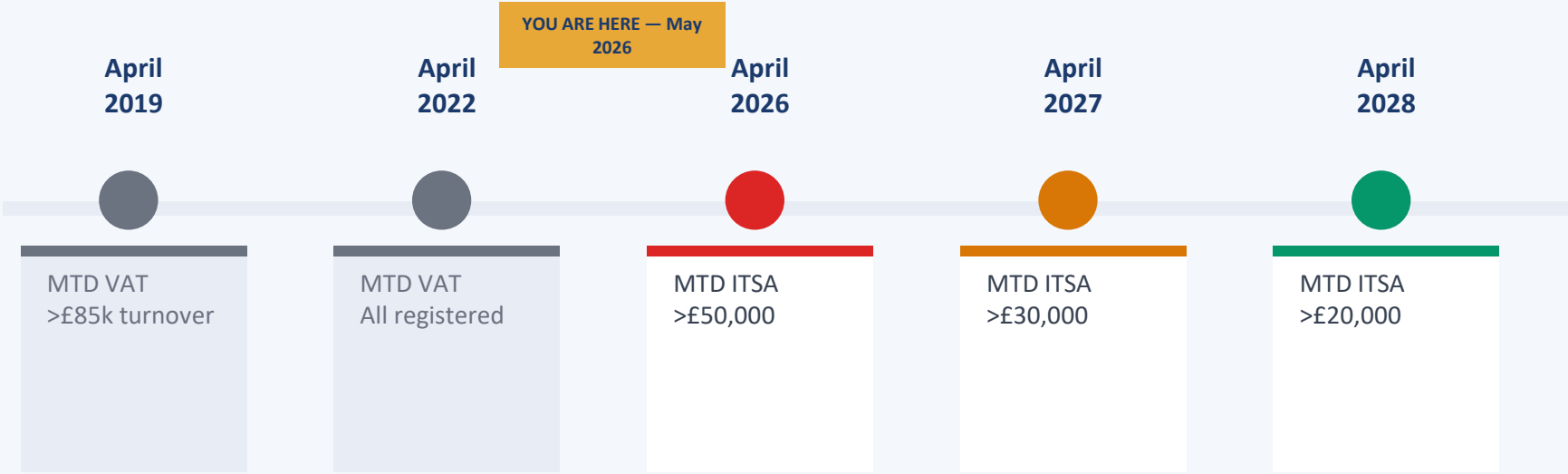
April 2027

Self-employed & landlords with gross income over £30,000

April 2028

Self-employed & landlords with gross income over £20,000

Key Dates & Thresholds at a Glance



Note: Gross income means your total self-employed and/or property income before expenses. Combined income from both sources counts towards the threshold.

What HMRC Expects From You

Q1	Q2	Q3	Q4
Period: 6 Apr – 5 Jul	Period: 6 Jul – 5 Oct	Period: 6 Oct – 5 Jan	Period: 6 Jan – 5 Apr
Submit by: 5 Aug	Submit by: 5 Nov	Submit by: 5 Feb	Submit by: 5 May

Plus — Annual Requirements

- End of Period Statement: Finalise your income for the year
- Final Declaration: Your annual tax summary (replaces Self Assessment)
- Any adjustments (e.g. capital allowances) added at year-end

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Practical Steps

Digital records, software choices and submitting to HMRC

Segment 3 · Mins 24–36

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Keeping Digital Records

What Must Be Recorded Digitally

- ✓ Business income (all sources)
- ✓ Business expenses (categorised)
- ✓ Date of each transaction
- ✓ Description of transaction
- ✓ Amount received / paid
- ✓ Name of customer / supplier
- ✓ Property income & allowable expenses (if landlord)

What's Acceptable

- ✓ Dedicated accounting software (Xero, QuickBooks, FreeAgent etc.)
- ✓ Spreadsheets WITH bridging software connected to HMRC
- ✓ HMRC-recognised apps for sole traders

What's NOT Acceptable

- ✗ Paper records or manual cash books
- ✗ Spreadsheets submitted directly (without bridging software)
- ✗ Bank statements alone as your only record

Choosing the Right Software

Xero	Full Software	Best for: Growing businesses, landlords with multiple properties	From ~£15/mo
QuickBooks	Full Software	Best for: Self-employed through to small businesses	From ~£10/mo
FreeAgent	Full Software	Best for: Freelancers, sole traders, small limited companies	Free with NatWest/RBS, or ~£19/mo
Sage	Full Software	Best for: Established SMEs, those already using Sage payroll	From ~£12/mo
Bridging Software	Bridging	Best for: Those who want to keep their existing spreadsheets	From ~£5/mo

Check HMRC's full list of recognised software at: [gov.uk/guidance/find-software-thats-compatible-with-making-tax-digital-for-income-tax](https://www.gov.uk/guidance/find-software-thats-compatible-with-making-tax-digital-for-income-tax)

Submitting Information to HMRC



1
Keep Records
Throughout Quarter

2
Categorise &
Reconcile

3
Software
Generates Update

4
Review &
Authorise

5
Submit to
HMRC

4

Day-to-Day Impact

How MTD changes your records, your habits and your accountant relationship

Segment 4 · Mins 36–48

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How It Changes Your Record-Keeping

BEFORE MTD

- ✗ Receipts in a shoebox until January
- ✗ One big scramble at year-end
- ✗ Annual tax return submitted once
- ✗ Limited view of tax position during year
- ✗ Paper records acceptable



AFTER MTD

- ✓ Records kept up-to-date throughout year
- ✓ Quarterly review rhythm keeps you on track
- ✓ Quarterly updates + final annual declaration
- ✓ Running tax estimate available in-year
- ✓ Must use digital-compatible software

How It Affects Your Accountant Relationship

MTD moves the accountant relationship from annual to ongoing — and that's a good thing.



More Frequent Contact

Instead of once a year in January, expect quarterly check-ins to review submissions and tax position.



Shared Software Access

Your accountant will typically have read-only or full access to your software to review records.



Earlier Tax Estimates

Your finance adviser can give you a running view of your likely tax bill throughout the year — no nasty surprises.



Proactive Advice

Regular contact means your finance adviser can spot planning opportunities (e.g. pension contributions) while there's still time to act.



Streamlined Year-End

With records kept up-to-date, the year-end process becomes faster and less stressful for everyone.



How Fees May Change

More frequent work may mean a change in how services are priced — monthly retainer models become more common.

Common Concerns & Misconceptions

"HMRC will see every transaction"

Reality: HMRC receives quarterly summary totals only — not individual invoices or receipts.

"Spreadsheets are banned"

Reality: Spreadsheets are still allowed — but they must be connected to bridging software that submits to HMRC.

"This doesn't apply until 2027 for me"

Reality: Even if your threshold is later, preparing early means less stress and a smoother transition.

"I have to pay tax quarterly"

Reality: Your payment dates do not change. MTD only changes how and when you report — not when you pay.

"It's too complicated to manage myself"

Reality: Most modern software makes it straightforward. Your finance adviser can help you choose and set up the right tool.

"My accountant will handle everything"

Reality: Your accountant can help enormously, but you still need to keep digital records throughout the year.

Practical Steps to Prepare Now

01

Check Your Threshold

Add up gross income from self-employment and/or property. Is it over £50,000? Act now. Over £30,000? Plan now.

02

Review Your Current Records

Are you keeping records digitally already? If not, now is the time to start — even if MTD doesn't apply to you yet.

03

Choose Compatible Software

Browse HMRC's software list or speak to your accountant. Many tools offer a free trial. Don't leave the decision to the last minute.

04

Register for MTD with HMRC

You'll need to sign up through HMRC's online service — this is separate from your existing HMRC account.

05

Speak to Your Accountant / Adviser

Your accountant or adviser can review your situation, recommend software, help you get set up and manage your quarterly submissions.

06

Build Quarterly Habits

Review your records every month. By quarter-end, submissions take minutes rather than hours.

Questions & Discussion

12 minutes — your questions answered

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Thank you for joining today's webinar.