

Decoding the abandoned change to the MTD ITSA page made on 14 December 2022

This document was created for my own use but is shared to allow others to view the content of what was updated and later deleted

- I was unable to resolve the occasional bizarre word-wrapping
- Some sentence like “Print This” have been removed

Using Making Tax Digital for Income Tax

How to meet the requirements and use software to keep records and send income and expenses updates.

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You should first [check if you can sign up for Making Tax Digital for Income Tax](#) and [when to sign up](#).

If you want to help us test and develop Making Tax Digital for Income Tax before 6 April 2026, you may be able to [voluntarily sign up through your software provider now](#).

We use ‘business’ in this guidance to refer to both those who are self-employed and landlords who receive property income.

How to meet the requirements

You need to use [software that works with Making Tax Digital for Income Tax](#). The software must allow you to:

- create and store digital records of each of your business transactions
- send updates of the totals of your business income and expenses every 3 months
- confirm end of period statements

You will also need to make your final declaration. This will be possible either through your compatible software or your HMRC online services account.

If you have more than one business

If you have more than one business (for example, if you are a landlord and a builder), you must meet the requirements for each business.

This means you must keep separate records and make separate submissions for each business.

If you receive property income from multiple properties, all properties that are:

- in the UK are treated as one 'UK property business'
- outside of the UK are treated as one 'overseas property business'

Authorise your agent to meet the requirements

You can authorise us to exchange data with your agent for any Making Tax Digital service. Once authorised, your agent can:

- sign up your business
- use software to create and store digital records on your behalf
- use software to view, edit and send your data to us

If you've already authorised your agent to act on your behalf for Self Assessment, you will not need to re-authorise them for Making Tax Digital for Income Tax.

Keep digital records using software

You must use [software that works with Making Tax Digital for Income Tax](#) to keep digital records of all your business income and expenses.

Authorise your software

You need to authorise your compatible software by entering your Government Gateway user ID and password into your software and following the instructions. You can ask your software provider how to do this.

You must use the user ID you got when you signed up for either:

- Self Assessment
- an agent services account

You need to repeat the software authorisation process every 18 months. Your software should remind you to do this.

Send quarterly updates

Every 3 months, your compatible software will add together your digital records to create totals for each income and expense category. These summaries are known as quarterly updates.

After submitting an update, you will be able to see an estimate of your tax bill in your compatible software.

You do not need to make any accounting or tax adjustments before sending an update, but you can if you would like your estimated tax bill to be more accurate.

For example, if you use your business premises as your home, you may need to adjust the expenses that you claim in proportion to their non-business use. To do this, you would:

- create a digital record for the expense
- adjust the amount claimed in proportion to the percentage of non-business use

When you should send your updates

After your compatible software is authorised, you need to send updates for each business income source to us every 3 months. Your software will tell you when and how to send updates.

You can send updates more frequently, for example, if you want to understand how a significant business receipt or expense affects your estimated tax bill. Most compatible software will allow you to send an update on any day.

You must send a quarterly update within one month of the end of the standard quarterly period. If you do not send it by this deadline, you may need to pay a late submission penalty.

If you do not expect to have any additional transactions to record, you can send an update up to 10 days before the end of a quarterly period. For example, if you're going on holiday and know that you will not be working for the remainder of the quarterly period.

Use standard quarterly period dates

The standard quarterly periods and deadlines in each tax year are given in this table.

Quarterly period	Quarterly deadline
6 April to 5 July	5 August
6 July to 5 October	5 November
6 October to 5 January	5 February
6 January to 5 April	5 May

Use calendar quarterly period dates

At a later date, you will be able to choose to use calendar quarters instead of quarters ending on the 5th day of the month. We will tell you how you can do this when it is available.

Calendar quarterly periods and deadlines are given in this table.

Quarterly period	Quarterly deadline
1 April to 30 June	5 August
1 July to 30 September	5 November
1 October to 31 December	5 February
1 January to 31 March	5 May

Finalise your business

income

Before you finalise your business income, you must send updates for each quarterly period to HMRC. The information you send in your updates will be combined to show your income and expenses for the tax year.

If you have no adjustments to make, you can confirm that the information is correct and complete, using an end of period statement.

If you do have adjustments to make, they must be made before you confirm your end of period statement. These adjustments include:

- making accounting adjustments, such as adjusting for accruals and prepayments
- making tax adjustments, such as removing disallowable expenses
- claiming reliefs or allowances, such as the rent a room relief or capital allowances
- elections, such as using the trading income allowance for partial relief

Adjust transactions

You may want to adjust an individual digital record of a transaction.

For example, if you create a digital record of a transaction that has a capital and revenue element, you can adjust the amount of the transaction to only include the revenue element.

These adjustments will mean that you need to resubmit the relevant quarterly update before confirming your end of period statement.

Adjust category totals

You may make some adjustments by changing the total for an expense category. This means you do not need to adjust each individual transaction.

For example, you can adjust the expense category for phone costs in proportion to the amount you use it for your business.

These adjustments do not require you to resubmit quarterly updates.

Confirm your end of period statement

When you confirm an end of period statement, you will be declaring that:

- the information you have provided for that business is correct and complete
- you have finalised your tax position for that business, for the tax year

If you have multiple businesses, you need to confirm an end of period statement for each business.

After submitting an end of period statement, you will be able to see an updated estimate of your tax bill in your compatible software.

When you should finalise your business income

The deadline for confirming an end of period statement is 31 January after the end of the tax year.

If you do not confirm by the deadline, you may have to pay a late submission penalty.

Finalise your Income Tax position

After finalising your business income, you may need to send HMRC information on personal income sources, such as savings or dividend income.

These income sources do not contribute to your qualifying income and do not fall under the Making Tax Digital for Income Tax requirements. This means you do not need to report them quarterly, but you can choose to do so if your software has the functionality.

Once you have told HMRC about all of your taxable income for the year, you can make your final declaration.

When you make your final declaration, you will be declaring that:

- the information you have provided is correct and complete
- you have finalised your Income Tax position for the tax year

This is the last step of reporting your income to HMRC and replaces the need to send a Self Assessment tax return. You still need to make a final declaration even if you have no personal income sources.

You can make your final declaration through your Making Tax Digital for Income Tax compatible software if either:

- you're able to submit data on all of your personal income sources through your software
- you do not have any personal income sources to declare

If your software does not support the submission of your personal income sources, it will be possible to use your HMRC online services account to submit this data instead.

When to finalise your Income Tax position

You must make your final declaration by 31 January following the end of the relevant tax year.

If you miss the deadline for your final declaration, you may need to pay a late submission penalty.

The information provided will then be used to generate your final Self Assessment tax bill for that tax year.

If you do not [pay your Self Assessment tax bill](#) by the relevant deadlines, you may need to pay a late payment penalty. Making Tax Digital for Income Tax will not change the way you pay tax.

Authors Notes

If your software does not support the submission of your personal income sources, it will be possible to use your HMRC online services account to submit this data instead.

If this is the current Self Assessment service what HMRC has occasionally referred to as the [Update and Submit a Tax Return Service](#)