

Parker Russell

# Making Tax Digital (MTD) for Income Tax

# Overview

Making Tax Digital (MTD) for Income Tax represents one of the most significant reforms to the UK tax administration system in recent years. As part of HM Revenue & Customs' (HMRC) wider digital transformation programme, MTD is designed to modernise the UK tax system by requiring taxpayers to maintain digital records and submit information to HMRC more frequently.

The new regime introduces a fundamental change in the way sole traders and landlords manage their tax compliance. Rather than relying solely on an annual Self Assessment tax return, taxpayers within the scope of MTD will be required to maintain digital accounting records using HMRC-compatible software and submit quarterly updates throughout the tax year. These quarterly submissions are intended to provide HMRC with a more regular view of business and property income and do not replace the annual year-end reporting requirements.

Parker Russell understands that these changes may present both administrative and operational challenges. Our objective is to provide a fully managed compliance solution that enables clients to meet their statutory obligations efficiently while minimising disruption to their day-to-day business activities.



# Who Will Be Affected?

Making Tax Digital for Income Tax is being introduced in phases.




## FROM 6 APRIL 2026

MTD will apply to individuals with **gross qualifying income exceeding £50,000** derived from:

- Self-employment;
- UK property income;
- Overseas property income; or
- A combination of self-employment and property income.

## FROM 6 APRIL 2027

the qualifying income threshold will reduce to **gross income exceeding £30,000.**

## FROM APRIL 2028

The Government has also announced its intention to extend the regime to individuals **with gross qualifying income exceeding £20,000** from April 2028, subject to the enactment of the relevant legislation.

For MTD purposes, gross qualifying income is calculated before the deduction of expenses and is based on the combined gross receipts from all qualifying self-employment and property businesses.

# Your Compliance Obligations

Individuals within the scope of MTD will be required to:

**01** Maintain digital accounting records using HMRC-compatible software.

**02** Record business and/or property income and allowable expenditure throughout the tax year.

**03** Submit quarterly updates to HMRC by the statutory deadlines.

**04** Complete the year-end reporting process through the submission of the relevant End of Period Statement(s) (where applicable) and the Final Declaration.

**05** Retain appropriate supporting documentation in accordance with HMRC record-keeping requirements.

Failure to comply with these obligations may result in financial penalties, interest charges and increased compliance risks.

# Our Services

Parker Russell provides a comprehensive, fully managed MTD compliance service designed to support clients throughout the reporting cycle.

**OUR SERVICES INCLUDE:**

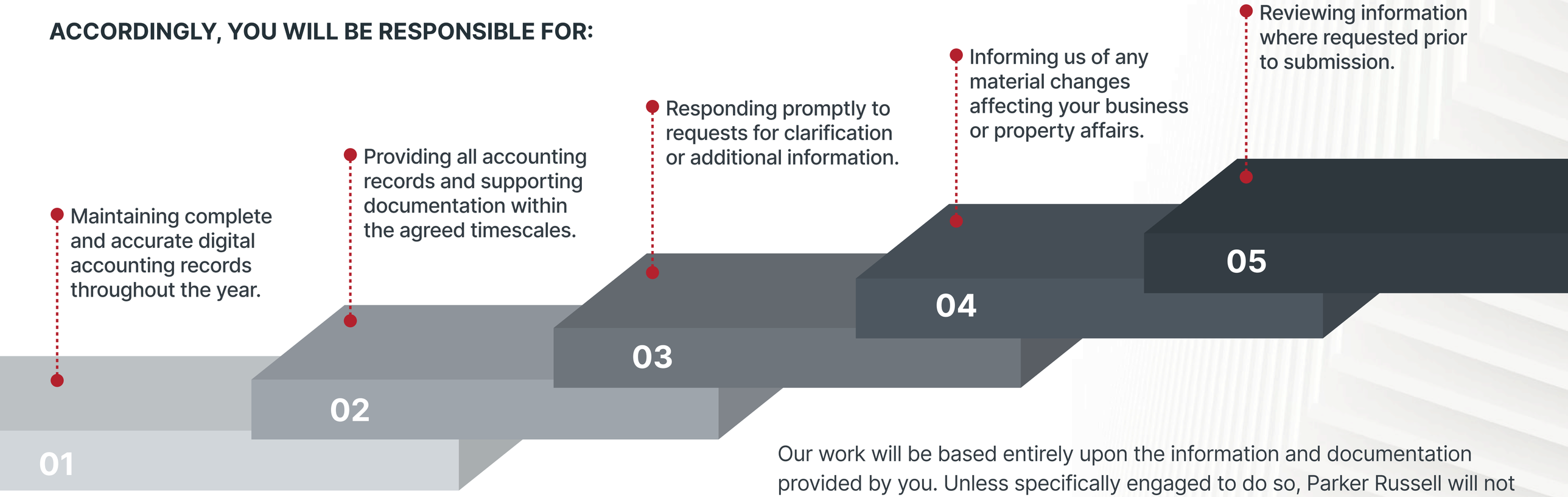
- Registration for Making Tax Digital with HMRC, where required.
- Review of your digital accounting records before submission.
- Ongoing monitoring of quarterly reporting deadlines.
- Advice on selecting and implementing HMRC-compatible accounting software.
- Identification of incomplete, missing or unusual transactions requiring clarification.
- Technical support and practical guidance throughout the reporting period.
- Assistance with software setup and onboarding.
- Preparation and electronic submission of quarterly updates to HMRC on your behalf.
- Liaison with you regarding any queries arising during the preparation of your quarterly submissions.

Our objective is to deliver an efficient, accurate and seamless compliance process whilst reducing the administrative burden placed upon you.

# Your Responsibilities

Whilst Parker Russell will prepare and submit your quarterly updates to HMRC, responsibility for maintaining complete and accurate accounting records remains with you.

**ACCORDINGLY, YOU WILL BE RESPONSIBLE FOR:**




Our work will be based entirely upon the information and documentation provided by you. Unless specifically engaged to do so, Parker Russell will not undertake an audit or independent verification of the information supplied.

# Our Approach

Our approach is designed to provide clients with confidence that their quarterly reporting obligations are managed professionally, efficiently and in full compliance with HMRC requirements.

**BY COMBINING EXPERIENCED PROFESSIONALS WITH MODERN DIGITAL TECHNOLOGY, PARKER RUSSELL DELIVERS:**

- Timely and accurate quarterly submissions.
- Dedicated professional support throughout the year.
- Reduced administrative burden.
- Improved digital record-keeping processes.
- Early identification of potential compliance issues.
- Practical advice and ongoing guidance as the MTD regime continues to evolve.
- A proactive and collaborative approach to tax compliance.

Our objective extends beyond simply meeting statutory filing requirements. We work alongside our clients to establish effective digital processes, improve the quality of financial information and provide confidence that ongoing compliance obligations are being managed effectively.



# Fee Structure

Our fees for Making Tax Digital (MTD) Quarterly Reporting services are determined according to the nature, scope and complexity of each engagement.

## IN ESTABLISHING OUR FEE PROPOSAL, WE CONSIDER A NUMBER OF FACTORS, INCLUDING:

- The number and type of income sources (for example, self-employment, UK property or overseas property).
- The complexity of the business or property portfolio.
- The volume of accounting transactions and digital records requiring review.
- The quality, completeness and timeliness of the accounting records provided.
- The number of businesses and/or properties requiring reporting.
- The level of bookkeeping support, data corrections or reconciliations required.
- The software environment and any implementation or migration assistance required.
- The level of ongoing advisory support requested during the reporting period.

## FOR STRAIGHTFORWARD ENGAGEMENTS, OUR INDICATIVE FEES COMMENCE FROM:

| Service | Indicative Fee per quarter |
|---|---|
| Rental income only | From **£400 plus VAT per person** |
| Self-employment only | From **£400 plus VAT per quarter** |
| Rental income and self-employment | From **£500 plus VAT per quarter** |

The above fees are indicative only and assume that complete, accurate and timely digital records are maintained and provided to us in accordance with agreed deadlines. Where additional work is required, including incomplete bookkeeping, significant record corrections, multiple businesses or property portfolios, or particularly complex transactions, Parker Russell reserves the right to agree an alternative fee that appropriately reflects the additional time, expertise and resources required.

Annual Self Assessment Tax Returns, End of Period Statements (where applicable), Final Declarations, tax advisory services and any work outside the agreed scope of this proposal will be subject to separate engagement and fees.



# Why Parker Russell?

Parker Russell is committed to helping clients navigate the transition to Making Tax Digital with confidence. Our experienced professionals combine technical expertise with a practical, client-focused approach to deliver efficient and reliable compliance solutions.

**BY PARTNERING WITH PARKER RUSSELL, YOU WILL BENEFIT FROM:**

- Experienced tax professionals with in-depth knowledge of HMRC's MTD requirements.
- A fully managed quarterly reporting service.
- Timely reminders and proactive compliance management.
- Reduced administrative burden and improved digital record-keeping.
- Responsive technical support throughout the year.
- Transparent pricing tailored to your specific requirements.
- Confidence that your quarterly reporting obligations are being managed professionally and efficiently.

Our goal is to become your trusted adviser, supporting your business beyond compliance and enabling you to focus on what matters most—running and growing your business.

# How the Making Tax Digital (MTD) Process Works

To help clients understand what to expect, the following outlines the typical quarterly reporting cycle and the respective responsibilities of both the client and Parker Russell.




## Initial Assessment and Onboarding

We will begin by assessing whether you fall within the scope of Making Tax Digital for Income Tax and discuss your reporting obligations.

- Confirm whether you are required to comply with MTD.
- Register you for MTD with HMRC, where applicable.
- Recommend and assist with the implementation of HMRC-compatible software.
- Agree reporting procedures, submission deadlines and communication protocols.
- Provide guidance on the digital records that must be maintained.

## Maintaining Digital Records

Throughout the quarter, you will maintain your accounting records using compatible software.

Depending on the agreed service, you may:

- Maintain your own bookkeeping; or
- Engage Parker Russell to provide bookkeeping services under a separate engagement.

Your digital records should include all business and/or property income together with allowable business expenses and supporting documentation.

## Quarterly Review

Shortly before each quarterly submission deadline, you will provide Parker Russell with access to your accounting records or submit any outstanding information. Our team will:

- Review your accounting records for completeness and consistency.
- Identify any missing information or unusual transactions.
- Contact you where clarification is required.
- Ensure the information is suitable for submission to HMRC.

This review helps minimise reporting errors and provides confidence that the quarterly update accurately reflects the information available at that time.

# How the Making Tax Digital (MTD) Process Works

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## Quarterly Submission to HMRC

Once the review has been completed, Parker Russell will prepare and submit the quarterly update electronically to HMRC on your behalf.

Each quarterly submission represents a summary of your income and expenses for the reporting period and does not calculate your final tax liability. The information submitted remains provisional until the year-end reporting process has been completed.

Following submission, we will retain confirmation of the successful filing for our records and provide confirmation to you.

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## Ongoing Support

Between reporting periods, Parker Russell will remain available to assist with:

- Technical queries relating to Making Tax Digital.
- Changes to your business or property affairs.
- Software-related issues.
- Guidance on maintaining compliant digital records.
- Planning for future quarterly reporting periods.

Our objective is to ensure that compliance becomes an efficient and routine part of your business rather than an administrative burden.

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## Year-End Reporting

The quarterly updates submitted during the year do not replace your annual tax obligations.

Following the end of the tax year, Parker Russell can, under a separate engagement, prepare:

- The End of Period Statement (EOPS), where applicable.
- The Final Declaration to HMRC.
- Your annual Self Assessment Tax Return.
- Any required year-end accounting or tax adjustments.

These services are outside the scope of the quarterly reporting engagement and will be charged separately unless otherwise agreed.

# Quarterly Reporting Timetable

The quarterly reporting cycle typically follows the process below:

| Stage | Responsibility |
|---|---|
| Maintain digital accounting records | **Client** |
| Record income and allowable expenses | **Client** |
| Provide records before each quarterly deadline | **Client** |
| Review records and raise queries | **Parker Russell** |
| Prepare quarterly update | **Parker Russell** |
| Submit quarterly update to HMRC | **Parker Russell** |
| Confirm successful submission | **Parker Russell** |
| Prepare year-end tax return and final declarations (if engaged) | **Parker Russell** |

This collaborative approach ensures that your quarterly reporting obligations are met accurately and on time while allowing you to focus on running your business. Parker Russell manages the compliance process, and you retain responsibility for maintaining complete and accurate accounting records and providing timely information.

# Further Information

If you have any questions regarding Making Tax Digital (MTD) or would like to discuss how the new requirements apply to your circumstances, please contact our MTD Compliance Manager:



Shristi Pokhrel
MTD Compliance Manager
Email: spokhrel@parkerrussell.co.uk

Shristi will be pleased to discuss your requirements, explain the onboarding process and guide you through each stage of your MTD compliance journey.



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