



# StreetsBush.

## Making Tax Digital

### Helping small businesses weigh the books: Do it yourself or get expert help?

When it comes to Making Tax Digital (MTD), small businesses need to be aware of several key areas to decide whether they can manage it themselves or if they should involve an accountant. The decision largely depends on their digital capability, time availability, complexity of their finances, and comfort with HMRC compliance. Here's a breakdown of the key areas to consider when you're weighing up the options of going it alone or asking your accountant for support.

## What is Making Tax Digital (MTD), anyway?

The basics: MTD is HMRC's plan to move the UK tax system online. It's all about making tax more efficient, more accurate, and (hopefully) simpler.

**For you, that means:**

- Keeping digital records of your income and expenses
- Using MTD-compliant software to submit your data
- Sending quarterly updates to HMRC

It's a shift from that once-a-year January panic to more regular, manageable updates. And while change is rarely fun (especially when it comes to tax!), this one has some real upsides.



## 1.

### Who MTD applies to

MTD for Income Tax Self-Assessment (ITSA): Will apply to self-employed individuals and landlords with annual business or property income over £50,000 from April 2026, and over £30,000 from April 2027.

MTD for Corporation Tax is still under consultation and not yet mandatory.

**Decision point:** Check if your business is currently required to comply and whether future thresholds affect you.

## 2.

### Digital record-keeping

Under MTD, businesses must keep and maintain digital records of all transactions using MTD-compatible software.

- Records must be kept in a prescribed format
- Spreadsheet users must use bridging software to link to HMRC

**Decision point:** Are you comfortable switching to or managing accounting software?

## 3.

### Quarterly submissions

Businesses must send digital updates every quarter to HMRC via their chosen software.

- These updates summarise income and expenses (not a full tax return)

**Decision point:** Do you have the time and systems in place to submit data every 3 months?

## 4.

### Software

You must use MTD-compliant software for recording and submitting data.

**Decision point:** Can you afford and manage the cost and learning curve of MTD-compatible software?

## 5.

### Penalties for non-compliance

HMRC is introducing a points-based penalty system for:

- Late submissions
- Late payments

Consistent failures lead to fines, so keeping on top of deadlines is essential.

**Decision point:** Are you confident you can stay compliant without missing deadlines?

## 6.

### Cost vs. time

- **DIY:** Lower monetary cost, but higher time and learning curve.
- **Accountant:** Higher cost, but ensures accuracy, compliance, and saves time as well as risk.

**Decision point:** Is your time better spent running your business or managing tax compliance?

## 7.

### Business complexity

- Simple businesses (e.g. one source of income, few expenses) may find DIY manageable.
- Complex structures, multiple income streams, or VAT schemes (like Flat Rate or Margin Schemes) can be harder to manage.

**Decision point:** How complex is your business's accounting?



## Quick decision-making summary

DIY vs Accountant

	Go DIY	Use Accountant
<b>Business simplicity</b>	Simple business structure	Complex business or VAT scheme
<b>Comfort with tech/software</b>	Comfortable using accounting tools	Prefer hands-off approach
<b>Time availability</b>	Have time to learn and submit	Limited time or resources
<b>Compliance confidence</b>	Understand MTD rules	Need expert to avoid errors/fines
<b>Budget</b>	Cost-conscious	Willing to pay for professional help

## Getting prepared

Timeframes to bear in mind

Trading and property income	MTD for Income Tax comes into play	When you need to get ready
£50,000 +	6 April, 2026	Now
£30,000 +	6 April, 2027	From now – January 2027
£20,000 +	6 April 2028	From now – January 2028

## Digital bank accounts

You'll need a digital bank account regardless of who is doing your tax submissions. This is step 1!

While not strictly a formal requirement to have a separate bank account, it is strongly recommended that you keep business (or property) transactions separate from personal ones, so your records are clean.

Here are the things you will need to consider when opening a new digital bank account:

- **Eligibility and onboarding:** The bank will want standard documentation (business details, identification, proof of address, and possibly more)
- **Account type:** If you are self-employed or a sole trader, you might open a “business” account (or a business-type account with a digital bank) to keep things separate. Some banks offer free business digital accounts
- **Bank feed / integrations:** Many digital banks support feeds that export or connect to accounting software. While important for ease and accuracy, note: linking the bank feed is not strictly required by HMRC for MTD
- **Transaction clarity:** If using the same account for personal and business transactions, you'll need a method to clearly identify, and separate which transactions relate to your business or property
- **Digital-first bank convenience:** A digital-first bank may offer easier reconciliation, mobile access, and integrations with MTD-compatible software.

## Why you shouldn't wait for the deadline

We're seeing a lot of people thinking, "Ah, it's not until 2026/2027. I'll deal with it later."

But here's the thing: getting your head round MTD now means:

- ✓ You're not under pressure when the rules kick in
- ✓ You can spread the learning curve out (no last-minute panics!)
- ✓ You'll start benefiting from better financial visibility sooner

# Here, with you.

If you would like us to handle MTD for your business, reach out now for an exploratory call.

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