

# Making Tax Digital for Income Tax Self-Assessment: draft notices

Management of taxes

OMB

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The ATT and CIOT have submitted comments to HMRC on draft notices for Making Tax Digital for Income Tax Self-Assessment.

On 1 July, HMRC published draft notices to be made under the Income Tax (Digital Requirements) Regulations 2021 for a short, four-week consultation (see [tinyurl.com/35txwum3](https://tinyurl.com/35txwum3)).

These comprised four separate notices:

- a Software Notice setting out specific conditions with which functional compatible software must comply (including the requirement for digital links);
- an Update Notice setting out the information which needs to be included in quarterly updates submitted under Making Tax Digital for Income Tax Self-Assessment (MTD for ITSA);
- an End of Period Notice setting out the information to be included in the end of period statement (EOPS); and
- a Retail Sales Notice which allows retail businesses to keep a single digital record of daily gross taking for their retail sales.

Overall, both the ATT and CIOT expressed disappointment that, despite HMRC taking so long to produce these draft notices, they were still lacking in important details.

While they helpfully clarify some points (especially regarding the contents of quarterly updates and the EOPS), there remain a number of essential, unanswered questions regarding how MTD for ITSA will work in practice. For example, the notices do not address the practical application of digital links, how record keeping and reporting will work for jointly owned property or how the EOPS will interact with the final declaration process.

This can be contrasted with the MTD for VAT Notice 700/22, which provides detailed, practical guidance to assist taxpayers and their agents in understanding their MTD obligations.

The ATT and CIOT responses also raise a number of specific comments on the detail of the notices, querying particular requirements and highlighting the lack of clarity over cash vs accruals accounting and the treatment of accounting and tax adjustments.

You can find the ATT response at [www.att.org.uk/ref400](http://www.att.org.uk/ref400) and the CIOT response at [www.tax.org.uk/ref971](http://www.tax.org.uk/ref971).

ATT and CIOT are calling on HMRC to publish detailed, practical guidance without further delay so that taxpayers and their agents understand their obligations well before April 2024, particularly those who wish to join the MTD for ITSA pilot.

The consultation closed on 28 July, and we are expecting final versions of the notices to be published this autumn.

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