

MAKING TAX DIGITAL FOR INCOME TAX: A GUIDE FOR LANDLORDS

For landlords paying income tax with a qualifying income of over £10,000, Making Tax Digital for Income Tax rules will come into force on 6 April 2024.

Making Tax Digital for Income Tax applies to individual landlords. If you manage your property portfolio through a limited company, you'll only be affected by the changes to Corporation Tax, currently expected no earlier than 2026.

WHAT WILL BE YOUR OBLIGATIONS UNDER MAKING TAX DIGITAL FOR INCOME TAX SELF ASSESSMENTS?

1

Creating and storing records of your business transactions

These records should be created as close to the transaction as possible and before your quarterly deadlines, as outlined below.

2

Submitting quarterly income and expenses updates

The MTD software will create summaries of your records every three months. You can choose whether to make any accounting or tax adjustments before submitting these updates.

The software will also tell you your deadlines to send the updates - within one month of the end of the standard quarterly period.

3

Confirming your end of period statements

At the end of each tax year, the information you shared in your quarterly updates will be combined to show your total yearly income and expenses.

You may need to make accounting or tax adjustments, or claim relief before submitting by 31 January after the end of the tax year.

4

Making your final declaration

After you've finalised your end of period statements, you'll then be able to send HMRC additional information about your personal income sources.

This income doesn't qualify under Making Tax Digital, so you can submit it either via the MTD software, or through your HMRC online services account.

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WHAT DO YOU NEED TO DO BY 6 APRIL 2024?

- ✓ Your Self Assessment Tax Returns for 2022 to 2023 need to be submitted by 31 January 2024
- ✓ HMRC will review them and check if your income is more than £10,000
- ✓ If it is, you'll need to meet the MTD for Income Tax requirements by 6 April 2024
- ✓ You'll need to choose and authorise software compatible with MTD for Income Tax
- ✓ You'll also need to sign up for MTD for Income Tax

WHAT ARE THE PENALTIES FOR NON COMPLIANCE?

If you file your returns late, you'll receive a point for each missed submission deadline.

After a certain number of points - 4 points when submitting your returns quarterly - you'll receive a fine of £200.

WHEN DO THESE POINTS EXPIRE?

These points will expire after 2 years, if:

- You submit all your required returns on time for a set period, such as 12 months if you submit your returns quarterly
- You've submitted all your returns from the past 24 months, even if they were initially late

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