



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

John Cullinane, Director of Public Policy, CIOT (and on behalf of LITRG)
Frank Haskew, Head of Tax, ICAEW
Charlotte Barbour, Director of Taxation, ICAS
Jane Ashton, Chief Executive, ATT

23 September 2021

Dear John, Frank, Charlotte, and Jane,

Thank you for your letter of 16 August to the former Financial Secretary, expressing your concerns about the timetable for Making Tax Digital (MTD) and Basis Period Reform. I look forward to working in partnership with you and the bodies that you represent.

I read your letter with interest and I understand the concerns that have been raised by you as professional bodies and by businesses, regarding the challenges faced by many in preparing for these changes. I am therefore pleased to inform you that today the ITSA regulations have been laid in Parliament with a mandation date of 2024. The introduction of the reformed penalties system for ITSA taxpayers has also been amended in line with this timetable.

My intent is that introducing MTD in 2024 would provide those within scope, plus agents and intermediaries, more time to make the necessary preparations for their transition to MTD. It will also allow HMRC to deliver the best service possible, affording more time for testing of the service with a range of customers in the pilot and to further develop enhancements to the customer experience.

With regards to Basis Period Reform, many respondents said that the reform was a sensible simplification but asked for more time to implement the changes. In recognition of these concerns, these changes will not come into effect before April 2024, with a transition year not coming into effect earlier than 2023. The Government will respond to the consultation in due course providing the next steps.

I thank you for the support and advice you have already given. I want to continue to work in partnership with you and the wider stakeholder community to ensure that the transition to MTD for all customers is as smooth as possible. I look forward to working closely with you in the future.

Yours sincerely,

RT HON LUCY FRAZER QC MP