



MTDtalk April 2022

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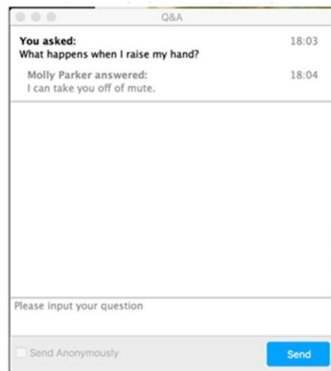
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Presenters

- Anita Monteith, Head of Policy, ICAEW Tax Faculty
- Caroline Miskin, Senior Technical Manager, Digital Tax, ICAEW Tax Faculty
- Sam Wood, MTD Customer Readiness and External Stakeholder Team
HMRC
- Dominick Riley, MTD Policy HMRC

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Ask a question



The screenshot shows a Q&A interface. At the top, it says "Q&A". Below that, there is a question: "You asked: What happens when I raise my hand?" with a timestamp of 18:03. Below the question, there is an answer: "Molly Parker answered: I can take you off of mute." with a timestamp of 18:04. Below the answer, there is a large empty text area for asking a question. At the bottom of the text area, it says "Please input your question". Below the text area, there is a checkbox labeled "Send Anonymously" and a blue "Send" button.

To ask a question

Click on the **Q&A** button in the bottom toolbar to open the submit question prompt.

Type in your question and click **send**.

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Topics for today

Building on [30 November 2021 webinar and Q&A](#) and February 2022 MTDtalk

- MTD ITSA – Who's in and the £10,000 threshold
- MTD ITSA pilot expansion – who can join
- What can be done now to prepare
- Questions and answers

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Who's in – the £10,000

- HMRC will select April 2024 MTD ITSA population from 2022/23 SA returns
- £10k turnover test applied against specific SA boxes
- Part year figures will be annualised
- Income not on the return is not included for £10k test
- Requirements once in MTD ITSA to be confirmed

Self-employment turnover	SA103F box 15, SA103S box 9, SA200 box 3.6
Self-employment other income	SA103F box 16, SA103S box 10
UK property income	SA105 box 20, SA200 box 6.1
Other UK property income (grant of lease)	SA105 box 22
Other UK property income (reverse premiums)	SA105 box 23
Other UK property income (FHL)	SA105 box 5
Foreign property gross income	SA106 box 14
Foreign property income (reverse premiums)	SA106 box 16

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MTD ITSA pilot from April 2022

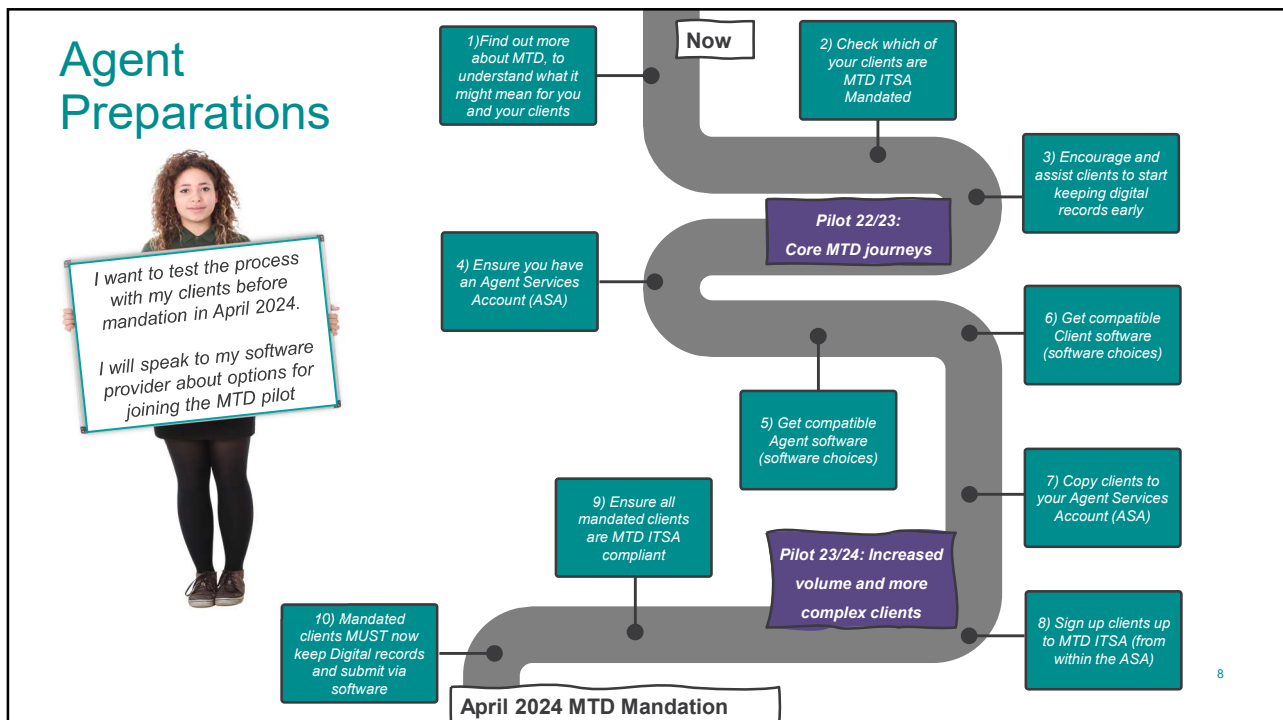
- Maintain digital records and acquire compatible software
- Sign up only via software developers, for now
- Can join the pilot if:
 - Accounting period aligns exactly with the tax year (not 31 March)
 - UK tax resident
 - Registered for SA and submitted at least one return
 - Everything up to date (eg, no outstanding liabilities)
 - Non MTD income and claims are on the list
- HMRC will check against a whitelist

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Income and claims list (evolving)

- Employment income
- All UK dividends
- UK bank and building society interest
- Gift aid relief claims
- Construction Industry Scheme deductions
- Pension income
- Private pension contributions relief claims
- Student loan repayments deducted through PAYE
- Self-employed and student loan repayment to make
- Additional information previously included in the SA101
- Foreign income (inc. bank and building society interest and dividends)
- Voluntary class 2 NI contributions
- Recipients of transferable marriage allowance
- CGT reporting

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Planning for MTD ITSA

Understanding the “as is” better can help plan for changes required under MTD ITSA

1) List all customers and note who will be MTD mandated based income type/amount

Identify sub populations:

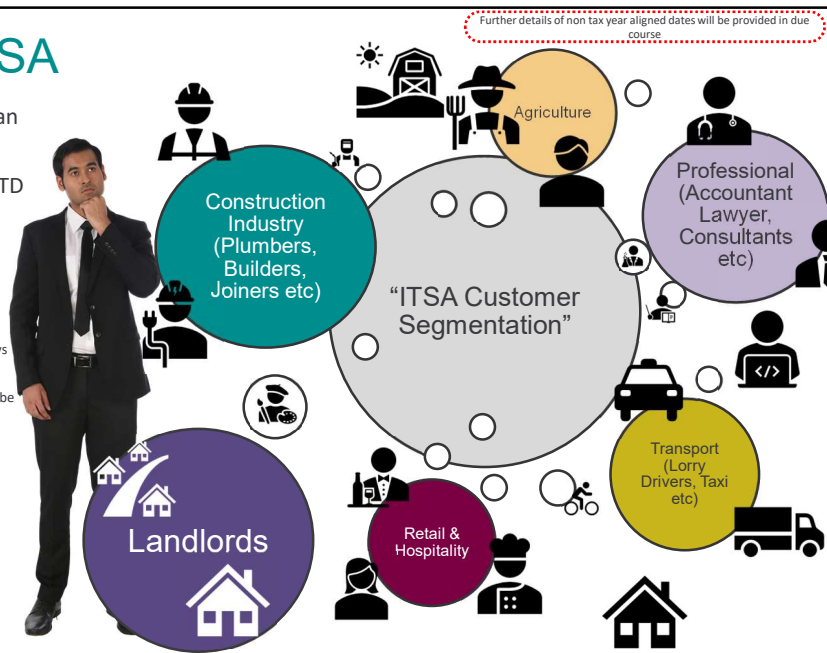
- i. Split the client base by industry sector
- ii. Sub divide clients already keeping digital records
- iii. Identify clients reporting using the cash accounting vs accrual accounting rules
- iv. Identify VAT registered clients (as these will already be maintaining digital business records at MTD ITSA mandation date)
- v. Identify clients with multiple trades and/or property businesses

2) Using this data, identify clients that are more digitally able (consider who can join ITSA pilot)

3) Consider any clients that may need additional assistance

4) Create a transition timetable and plan

5) Communicate changes and plans to clients



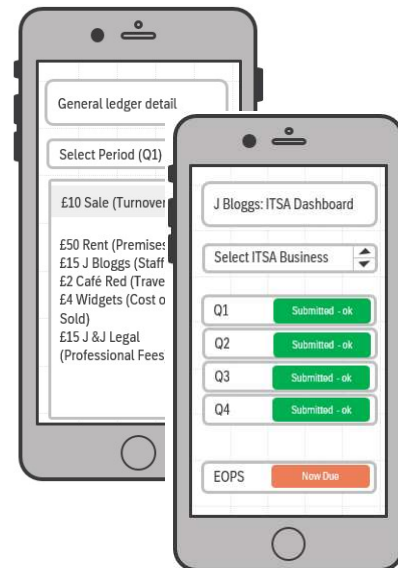
A client segmentation exercise acts as an audit of the current client base and their associated digital needs and helps the agent understand the scale of the change effort that is likely required when guiding their clients from “As Is” to “To Be” where “To Be” is fully MTD ITSA compliant by mandation date.

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Start keeping digital records

- When we refer to **MTD-compatible software**, we mean software that can integrate with HMRC systems to send updates to HMRC.
- **HMRC is not offering its own software products** but has provided the Application Programming Interfaces (APIs) that commercial software developers are using to develop a range of applications
- These enable businesses to keep their records digitally and integrate with HMRC systems (an API is an interface that defines interactions between software applications).

Moving clients to digital record keeping is an action agents can begin to take now.



Hypothetical software design and not reflective of any specific commercial software.
Throughout this document, any similarities to actual commercial products are coincidental.

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Coming up

- [MTDlive Tech Fair](#) - Chartered Accountants Hall - Wednesday 18 May
- MTDtalk will resume in June with more on:
 - Updates, amendments, annual adjustments, EOPS and finalisation – *how do they all fit together, especially for non tax year accounting dates?*
 - Jointly held property - *how will it work in practice if individual has different holdings in different proportions, different software, different management?*
 - MTD ITSA notices – *including expense categories, three-line accounts*
 - Rent a room, trading and property allowances – *requirements once in MTD ITSA*

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