

Contact Us

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Rental Clients: maria@mwraccountants.com

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Making Tax Digital for Income Tax



Taunton Office

First Floor
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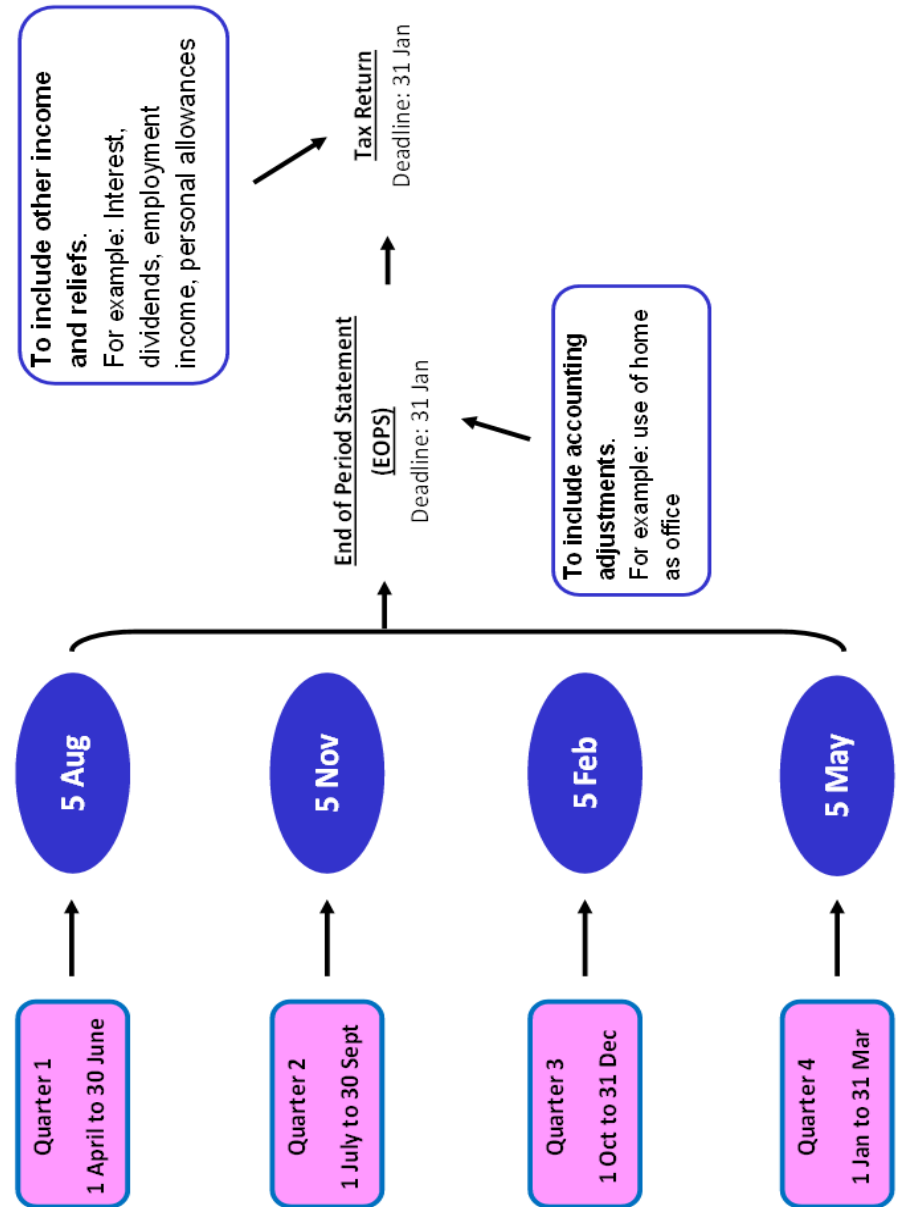
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Self-Employed Clients: megan@mwraccountants.com

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Useful Summary



Self-Employed Clients

MWR will be using Xero software to prepare and submit the quarterly returns for self-employment. We have chosen Xero as it is straightforward and cost effective.

We are offering three packages for preparing the forms that need submitting to HMRC:

- a) We prepare your quarterly returns from your documents, as we do now
 - i. This will mean an increase in our fees
 - ii. We will need all information every quarter rather than annually
- b) We prepare your quarterly returns using Xero
 - i. We can prepare your returns with minimal disruption to you
- c) Hybrid Option
 - i. Using Xero, with training from us if required, you complete your quarterly bookkeeping
 - ii. We do a final check of the information on Xero and make any necessary amendments and submit to HMRC

Obviously you can choose one option but change to another if it is not working out for you.

Xero subscription prices:

By subscribing through MWR you will get a 15% discounted subscription

Basic subscription £5.00 per month including VAT

Standard subscription £28.00 per month including VAT

For fee information please contact jonathan@mwraccountants.com or gavin@mwraccountants.com

If you have any questions, please contact Megan on megan@mwraccountants.com

Overview of Making Tax Digital

As you may be aware HMRC is implementing Making Tax Digital for Income Tax Self Assessment (MTDfITSA). As a result, HMRC is introducing quarterly submissions for the self-employed and rental property owners. This will become compulsory from 6 April 2027 if your turnover and/or rental income exceeds £30,000 per annum and April 2026 for turnover exceeding £50,000.

If you are self-employed and own rental properties the income from both sources is combined to see if you go over the £10,000 limit, i.e., if you have £2,000 turnover for self-employment and £9,000 of rental income before expenses, you would be in the MTDfITSA regime. Based on your last submitted tax return, we have identified you as part of MTDfITSA.

Under MTDfITSA, affected individuals are required to keep digital records of income and expenses and complete individual quarterly returns for each source of income. This is alongside an End of Period Statement (EOPS) in addition to your usual tax return. For example, if you have self-employment, UK rental income and foreign rental income you will have to prepare quarterly returns for each of these, which would be three forms per quarter. All your UK properties will be combined and only require one form per quarter. Please see page 5 for a 'Useful Summary' which shows the order of submissions.

MWR will be preparing the quarterly returns from 6 April 2023 to ensure you are comfortable and compliant by HMRC's deadline.

HMRC insist on electronic submissions, therefore, we have researched various software programs on your behalf and have chosen based on ease of use and affordability.

Unfortunately, fees will increase for the year ended 5 April 2026/2027 as HMRC is running the old and new systems side by side. Hopefully from the following tax year your fees will be reduced as we will not be preparing your self assessment tax return separately.

Using the recommended software should make the preparation of any forms quicker which would help to reduce costs.

UK Rental Clients

MWR will be using Hammock software to prepare and submit the quarterly returns for landlords. We have chosen Hammock as it is straightforward, cost effective and has been designed by landlords for landlords.

We are offering three options for preparing the forms that need submitting to HMRC:

- a) We prepare your rental accounts from your documents, as we do now
 - i. This will mean an increase in our fees
 - ii. We will need all information every quarter rather than annually
- b) Hybrid Option
 - i. You sign up for Hammock, with training from us if required, and we complete your quarterly bookkeeping
 - ii. We do a final check of the information on Hammock and make any necessary amendments, then submit the quarterly return
- c) You use Hammock fully and we file the quarterly returns

Obviously you can choose one option but change to another if it is not working out for you.

Hammock prices are based on the number of rental properties. By subscribing through MWR you will get a 20% discounted subscription (the below monthly subscription prices include VAT):

1-3 properties	4-10 properties	11+ properties
£4.80	£9.60	£19.00

For fee information please contact jonathan@mwraccountants.com or gavin@mwraccountants.com

If you have any questions, please contact Maria at maria@mwraccountants.com

Foreign Rental Income

The software we have chosen to prepare the quarterly returns for rental clients (Hammock) is currently unable to convert foreign income received into pounds sterling. They have assured us that this will be available next year, and we will contact you when this is available.

Meanwhile, we will need to have your rental income and expenses every quarter, rather than annually as at present, so we can prepare your quarterly returns on time.

If you have any questions, please contact Maria on maria@mwraccountants.com