

One in five freelancers don't know about Making Tax Digital

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Almost one in five self-employed people say they don't know what Making Tax Digital is, less than 18 months before MTD for income tax comes into force.

17 per cent of self-employed people in the UK said that they did not know about the HMRC initiative, Making Tax Digital for Income Tax, which will affect sole traders and landlords with a gross income of more than £10,000. A further 10 per cent said they are not yet compliant with Making Tax Digital requirements, but know what they will need to do to become so.

Mike Parkes, tax expert at [GoSimpleTax](#) – which commissioned the research – said that the Government needs to do more to help people understand its digital plans. "Making Tax Digital represents the biggest shakeup and modernisation of the way we handle tax affairs in the UK. It's a huge shift, yet despite extensive advertising campaigns, a fifth of self-employed people in the UK still don't know what it is."

Under Making Tax Digital for Income Tax, people who would usually pay income tax will need to keep their accounting records electronically and submit quarterly returns to HMRC, followed by an end of period statement at the end of the tax year. Currently, these people need only file a single return – the annual self-assessment tax return, due on 31 January each year.

"Once it's implemented, Making Tax Digital will help self-employed people and sole traders manage their tax more efficiently, but it's certainly a big shift from the status quo," added Mike. "The good news is that it's actually really easy to be compliant with the new regulations – it's simply a matter of using an HMRC approved software and remembering to file a statement every three months instead of every 12."

Making Tax Digital forms a key part of the Government's plans to make managing tax easier. It is already in place for all VAT-registered companies, who must use approved software to submit their VAT returns. Plans to introduce Making Tax Digital for Corporation Tax are currently subject to a Government consultation.

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