

# Making Tax Digital for Income Tax

From April 2026 HMRC is introducing a new method for sole traders and landlords to report income and expenses, called 'Making Tax Digital for Income Tax'. This is part of the broader initiative to modernise the UK tax system, aiming to simplify and improve the efficiency of tax returns. Let's look into the key aspects of MTD for Income Tax and what it means for you.

## What is Making Tax Digital for Income Tax?

Making Tax Digital (MTD) for Income Tax is a significant shift in how self-employed individuals and landlords report their earnings to HMRC. The goal is to promote better and more timely record-keeping to reduce errors and mistakes. Under MTD, many landlords and self-employed individuals will be required to keep digital records of their trading income and expenditure.



*Read the full article  
on page 2.*

# Making Tax Digital for Income Tax continued

MTD aims to:

- reduce errors through better record keeping.
- increase transparency with more frequent updates.
- encourage timely tax payments and improved compliance.

## Who Does MTD Apply To?

MTD for Income Tax applies to self-employed business owners and landlords who currently complete an annual Self-Assessment tax return. It does not currently apply to limited companies, partnerships, limited liability partnerships, or trusts.

## Implementation Phases

MTD for Income Tax will be implemented in three phases:

- **Phase 1** from April 2026: Taxpayers with gross qualifying income of more than £50,000 (based on the 5 April 2025 tax return).
- **Phase 2** from April 2027: Taxpayers with gross qualifying income of more than £30,000 (based on the 5 April 2026 tax return).
- **Phase 3** from April 2028: Taxpayers with gross qualifying income of more than £20,000 (based on the 5 April 2027 tax return).

## Measuring Gross Qualifying Income

Gross qualifying income is measured as the total combined income (before expenses) from sole trade and property businesses. Where a taxpayer has both trading and property income, it is the combined income that will determine the threshold for gross qualifying income.

For jointly held sources of income, such as rental property, only the relevant share of the gross income is counted.

## Key Requirements of MTD for Income Tax

Taxpayers within the scope of MTD for Income Tax must:

- keep digital records using MTD-compatible software.
- submit quarterly updates of income and expenses.
- file a Final Declaration end-of-year digital tax return.

## Choosing the Right Software

MTD for Income Tax digitises record-keeping, so it is important to select an appropriate solution that meets the needs of individual taxpayers. HMRC has published a list of available software that is compatible with the requirements of MTD. This includes simple solutions for taxpayers with straightforward affairs, as well as commercial software solutions like Xero or QuickBooks for those with more complex affairs.

## Maintaining Digital Records

Taxpayers within the scope of MTD for Income Tax will need to keep digital records for trading and property income. This will require a record of each individual transaction, including the amount, date, and category of income and expenses relating to their sole trade and/or property businesses.

## Simplified Reporting Options

Where trading or property income is above the MTD for Income Tax threshold but below the VAT registration threshold of £90,000, it is possible to maintain simplified records. Taxpayers can choose to record each item of income and expenditure without allocating it to specific categories. Under these circumstances, only total income, total expenditure, and net profit (three-line accounting) will need to be reported each quarter.

## Quarterly Updates and Deadlines

The quarterly returns must be submitted using MTD-compatible software and are simple summaries of the income and expenses sourced from the digital records. The figures are submitted each quarter and are cumulative for the year-to-date, allowing for corrections to be made to previous quarters without the need to resubmit any previous quarters. The reporting deadlines depend on whether a taxpayer follows tax quarters or calendar quarters.

## Final Declaration

Using the MTD-compatible software, a final declaration must be submitted to HMRC after the last quarter return has been filed. This will replace the current Self-Assessment tax return and is also

the point at which information on any other sources of income is provided to HMRC.

## Voluntary Sign-Up and Testing Phase

Taxpayers can voluntarily sign up to test MTD for Income Tax ahead of the April 2026 deadline. However, a Self-Assessment tax return will still be required for 2024/25. Note that HMRC's new penalties will apply if the tax return or any payment due is late. There will be no penalties during the testing phase for missing a quarterly reporting deadline.

## Changes in Circumstances

After signing up for MTD for Income Tax, taxpayers will need to inform HMRC if their circumstances change. This includes adding a new source of self-employment or property income, notifying of a cessation of an income source, opting out of the testing phase if signed up voluntarily, and amending a quarterly return.

## Penalties for Late Submission

A points-based penalty regime will apply for late quarterly submissions once MTD for Income Tax goes live. However, penalty points will not be issued during the testing phase for anyone taking part.

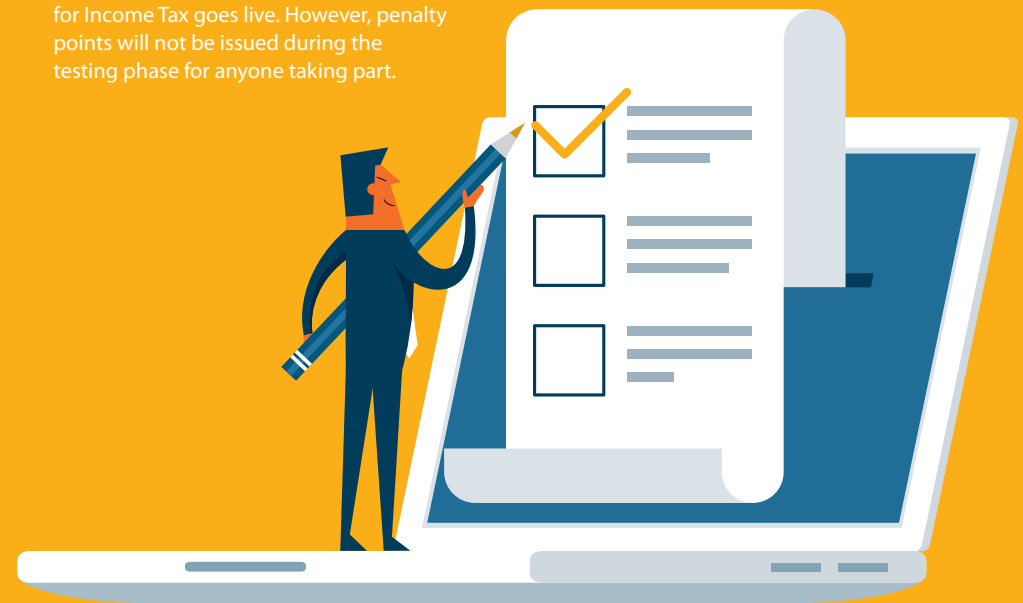
## Digital Exclusion Exemption

A digital exclusion exemption is available that mirrors the current exemption for MTD VAT. The exemption is expected to cover those who do not use computers for religious reasons as well as those who are unable to comply because of age, disability, or location. There will be a requirement to apply to HMRC for the exemption, however further guidance is expected from HMRC.

## Conclusion

Making Tax Digital for Income Tax represents a significant change in how self-employed individuals and landlords manage their tax affairs. By understanding the requirements and preparing in advance, you can ensure a smooth transition to the new system.

We are contacting all clients that we believe will need to sign up for Making Tax Digital for Income Tax by April 2026, however if you have any questions or require assistance, please do not hesitate to contact us.





# ATTENTION!

## Why We Are Requesting Your Records Earlier This Year

You may have noticed that we have been in touch earlier than usual to request your financial records for this year's accounts and tax return season. We want to take a moment to explain why this change is necessary and how it benefits you.

The primary reason for earlier contact this year relates to the changes introduced by HMRC to the basis period rules for taxation. These reforms, which affect how business profits are allocated to tax years, have significantly increased the complexity of tax reporting for many clients, particularly sole traders and partnerships. As a result, the volume of work and the time required to complete accounts and tax returns has increased. To ensure we continue to deliver the high standard of service you expect from GWA, and to avoid any last-minute rush or potential penalties for late submissions, we are adjusting our internal workflow schedules accordingly.

- By receiving your records earlier, we can:
- secure a place in the workflow schedule for your work;
  - allocate sufficient time to review and process your information accurately.
  - address any queries or missing information well in advance of deadlines; and
  - ensure timely and accurate filing with HMRC.

We appreciate your cooperation and understanding as we manage these changes. If you have any questions please get in touch with your usual contact within GWA.

Thank you for your continued support during this busy period.

## Budget Preview and Rural Seminars – the GWA crystal ball...



With borrowing costs climbing and economic growth faltering, Chancellor Rachel Reeves is under pressure to find new revenue sources and that is stirring speculation about both fiscal drag and stealth taxes and also potential tax increases.

### Could Manifesto Pledges Be Broken?

Labour pledged not to raise taxes on “working people,” which rules out hikes to Income Tax, VAT, and employee National Insurance. However that does not mean other levers are off the table:

- **Threshold Freezes:** Extending the freeze on Income Tax thresholds beyond 2028 is a likely option. It is a stealth tax that quietly pulls more earners into higher bands as wages rise.
- **ISA & Pension Tweaks:** There has been prolonged speculation regarding reducing tax-free allowances for high earners or trimming the 25% tax-free pension lump sum. Those fears have not entirely receded despite some encouraging words in recent weeks.

### Will We See a New Tax Like a Wealth Tax?

The idea of a **Wealth Tax** is gaining traction:

- A group of global economists recently urged the UK to introduce a 1–2% annual tax on assets over £10 million, potentially raising **£22–24**

billion a year.

- A cross-party group of MPs has formally proposed this in Parliament.
- However, critics warn of **capital flight**, investor pullback, and implementation challenges. The UK is already seeing a record outflow of millionaires in 2025.

### What's Most Likely?

A Wealth Tax remains politically risky, and is practically difficult, more subtle reforms like tightening Capital Gains Tax or Inheritance Tax rules are very much on the table. Once again, extending threshold freezes could be the Government's way of raising revenue without technically breaking its manifesto pledges. However, the three biggest earners in terms of Government revenues are Income Tax, NICs and VAT, and if there is a need to raise funds, then it seems likely that some changes will be made here (even if only to freeze allowances).

### Autumn Budget & Rural Seminars Update

At the time of going to print, the date for the Chancellor's Autumn Statement has yet to be confirmed. As always, we will provide our comprehensive Budget Review once the announcement has been made.

In addition, we are pleased to share that we are planning two **Autumn Rural Seminars**. One in **Berwick-upon-Tweed** and another in the **Haddington area**—scheduled for late

**November and early December 2025**. These events will focus on unpicking the key points from the Autumn Budget, with a panel discussion offering expert insight into the issues affecting **landowners, farmers, and rural business owners**.

Further details, including dates and registration information, will be shared via email and across our social media channels.

# Summer Show Review

The annual agricultural shows across East Lothian, the Borders, and Northumberland offer a great chance to catch up with our clients and associates. We were pleased to support both the **Haddington Show** and the **Border Union Agricultural Show** again this summer.

## Haddington Show – Saturday 28 June

We were proud to once again, be the joint main sponsors of the Haddington Show alongside Turcan Connell. Continuing our longstanding relationship with the Show.

This year's Show took place on Saturday, 28 June at the East Fortune Race Circuit. The day started with a slight drizzle but quickly brightened up into a lovely sunny show day.

We had a great turnout at our stand throughout the day, and as always, our lunchtime hog roast was well received. It was great to catch up with clients and friends over some refreshments.

## Border Union Agricultural Show – Friday 25 and Saturday 26 July

The Border Union Show returned to Kelso's Springwood Park on Friday 25 and Saturday 26 July, marking one of the most anticipated weekends in the agricultural calendar for the Scottish Borders and Northumberland. This classic farming show brought together the best of rural tradition with horse competitions, livestock parades, and industrial arts displays.

With around 200 trade stands, a bustling food fair, a vibrant crafts tent, and a children's fun fair, the show offered something for everyone. Despite a breezy start on Friday, the wind soon gave way to sunshine, setting the perfect tone for two days of celebration.

We were delighted to welcome clients, family, and friends to share in our hospitality and enjoy refreshments with us. With warm conversations to shared laughter, it was wonderful to reconnect and celebrate the enduring strength of our relationships—both personal and professional.

Thank you to everyone who joined us.

## Thank you

A huge amount of effort goes into preparing for the summer shows in the months leading up to the events – from behind the scenes planning and logistics to the busy show days themselves. It really is a team effort, with everyone pulling together to make it happen. Thank you to all our staff for their hard work in making both shows a huge success.



## Partner Promotion for Joseph Findlay and Matthew Taylor

We are pleased to announce that Joseph Findlay (right) and Matthew Taylor (left) became Partners on 1 June 2025.

Joseph and Matthew joined GWA within a few months of each other in 2019. Therefore, it is fitting that they have both been promoted as Partners at the same time.

Having gained an Integrated Master's Degree in Civil Engineering from Heriot-Watt University Joseph decided to move into finance. He has a Diploma in Regulated Financial Planning and a Certificate in Discretionary Investment Management from the Chartered Insurance Institute. Joseph qualified as a Chartered Accountant with ICAS in June 2022.

Joseph's expertise includes tax planning (succession and inheritance tax), lifetime gifting, capital gains tax and income tax planning. He has a broad range of general practice experience, including advising all types of owner-managed businesses, individuals and charities.

Speaking about his appointment Joseph said, "Having set out to become a Chartered Accountant following university, my goal has always been to assist local businesses and individuals which Greaves West & Ayre has been doing successfully for over 100 years. I am delighted to be joining the Partnership and look forward to contributing further to both the firm, and the wider business community".

Matthew completed a Maths degree at

Lancaster University. He qualified as a Chartered Accountant (ACA) under ICAEW in 2022.

Matthew primarily operates within the Tax Department, specialising in compliance and tax planning. He assists clients with financial forecasting and has recently expanded his expertise to include business restructuring. Additionally, he handles inheritance tax matters, offering guidance on estate planning, lifetime gifting, and trust management.

Commenting on his appointment Matthew said, "I joined Greaves West & Ayre because I wanted to assist clients with all aspects of accountancy, tax planning and business consultancy which this firm offers. I have enjoyed supporting the Partners in advising our clients and I am looking forward to taking the next step in my career and being a direct point of contact for our clients and their businesses".

Colin Frame, Partner of GWA said, "Joseph and Matthew are great examples of our approach to recruiting and training. Both of them joined the firm as trainees, and through their hard work, with support from our wider team, they have earned this promotion. As Partners, they will continue their professional development for many years. I wish them many congratulations".





# Greaves West & Ayre announces two new Independent Financial Advisers

We are delighted to announce two new Independent Financial Advisers (IFAs) within our Wealth Management Team.

Daniel Bullen and Toby Douglas have recently completed their qualifications to become Independent Financial Advisers. After successfully passing exams, undergoing assessments, receiving additional training, and completing a supervised period, they are now fully practicing IFAs.

Toby joined GWA in 2021 after obtaining a degree in Business and Finance from Queen Margaret University. Commenting on his qualification he said, "I am pleased to become an

Independent Financial Adviser within GWA and I look forward to maintaining and developing relationships with my clients, aiding in their financial journeys to help them achieve their personal goals".

Daniel has worked in financial advice since leaving school and joined GWA in 2022 following a role as a mortgage adviser and a paraplanner. He gained a Diploma in Regulated Financial Planning in 2023. Speaking to Daniel he said, "I am proud to have become an Independent

Financial Adviser, something I've been working towards since starting my career in financial advice. I really enjoy building relationships with our clients and helping them plan for their financial futures. It's a challenging role, however it's also incredibly rewarding and I look forward to continuing my journey with GWA".

John Coats, Partner at Greaves West & Ayre, said: "We are thrilled to announce that Daniel and Toby are now fully qualified and authorised Independent Financial Advisers. Their appointment brings our Wealth Management Team to seven IFAs, further strengthening the expertise we provide to our clients. It's an exciting time for the Greaves West & Ayre Wealth Team, as the addition of two new IFAs enhances our ability to pursue ambitious goals and continue delivering the Quality Advice and Quality Service we are renowned for".

As Independent Financial Advisers, our team offers truly impartial advice, reviewing the entire market rather than a limited set of products or providers. We take a holistic approach, tailoring recommendations to each client's unique circumstances, tax position, goals, and risk tolerance. By building close client relationships, we help define clear financial objectives and provide ongoing guidance to reach them. In addition, as priorities can shift over time, we remain in regular contact and review strategies to ensure that our clients financial plans always reflect what matters most.

If you are interested in our financial advice service, then please get in touch with us. Our contact details are on the back page, or email: [wealth@gwayre.co.uk](mailto:wealth@gwayre.co.uk)

# Summer Holiday and Office Closures

## AUGUST

**Late Summer Bank Holiday  
Monday 25 August 2025:**

All offices - CLOSED

**Back to business:  
Tuesday 26 August**

At all other times you can call or email us using our usual contact details - See page 12.





# GWA Golf Day 2025

Friday, 20 June, saw us hold our annual GWA Golf Day at The Glen Golf Club, North Berwick. It was a glorious, sunny day, and the golf was of a very high standard, despite the blistering conditions.

Steven Burns was the overall winner for the second time, taking home the tankard and the Aran knit cardigan with an impressive 46 points.

We had the first ever female name on the Bill Renton Cup, with Beth Mill-Irving beating Graeme Hyland with a BB9; both scored 35 points.

The best Partner of the day was Robbie Dalglish, who won the Graham Hush Shield with a score of 32 points.

In the afternoon, they played five holes for the Jim Spence Salver, which was won by Mark Thompson and Jay Baverstock with a combined score of 20 points.

Alan Potts won the scratch prize with a score of 76 (6 over par). He also claimed both the longest drive and nearest to the pin prizes.



Steven Burns & Robbie Dalglish



# Community News



We are always pleased to support and engage in a wide range of community events across the local area and its surroundings, and these past few months have been no exception.

June saw us sponsor the The Walsh Trophy Charity Bowls Competition at Spittal Bowling Club in aid of the **Motor Neurone Disease Association (MNDA)**.

Once again, we supported **Horncliffe Beer and Music Festival** and **Dalkeith Show** and at the time of going to print; we are looking forward to the **Berwick Food and Beer Festival** in mid-August, always a great weekend in the town!

We continue our support of local sports clubs; **Berwick Rugby Football Club**, **Magdalene Fields Golf Club**, **Eyemouth Golf Club** and **Duns Golf Club** for the year ahead, we wish them all a successful 2024/25 season.

It was great to see some of our GWA team take part in the annual **Curfew Run** (right) around the historic Elizabethan Walls of Berwick upon Tweed.

## Staff Community Outreach Initiative

Through our own Staff Community Outreach Initiative, we have supported:

- **The Grove School**, Berwick, nominated by **Taylor Maphin**
- **Ancrum Junior Football Club**, nominated by **Graeme Hyland**



# Staff News



Two new Partners, **Joseph Findlay** and **Matthew Taylor** were appointed to the Practice on 1 June 2025; read more on page 7.

**Daniel Bullen** and **Toby Douglas** in our Wealth Team have recently completed their qualifications to become Independent Financial Advisers – congratulations! Read more on page 8.



## Long Service Anniversaries

This July marked 35 years since Partners, **Stuart Allister** and **Colin Frame** joined the firm as trainee Chartered Accountants. **Shirley Gardiner** in our Haddington office celebrates 35 years of service. Within our Admin Team, **Nikki Tait** has achieved 25 years' service and **Emma Stewart** 20 years'. Partner **Richard Ayre** and **Mark Harrison** in our Wealth Management team have both clocked up 20 years' service.



## Welcome

As we continue to grow the practice, we have welcomed several new colleagues who bring a wealth of knowledge, expertise and enthusiasm to our offices.

In the spring, **Christopher Mather** joined us as a Compliance Officer, **Adam Hughes** as a Graduate Trainee Chartered Accountant, **Cara Hogg** as Marketing Coordinator and **Rebecca Campbell** as a Chartered Tax Adviser.

**Angel Scott** joined in June 2025 as an Accounts Trainee based in our Haddington office.

In July 2025 we welcomed eight new colleagues into our Berwick office, **James Williams** and **Alex Barron** join us as Graduate Chartered Accountant Trainees, **Ryan Thomas** re-joins an Accounts Technician and **Lucy Chalmers** started as an Accounts Trainee.

**Katie Simmonds** and **Amelia Manners** joined us as tax trainees, **Maddy Thomas** as a VAT and Bookkeeping Technician and **Jake Blair** as a Chartered Accountant.



## Au Revoir

**David Heppell**, Three Counties Director retired in May 2025, we wish him a healthy and happy retirement.



## Well Done

**Loren Veitch** in our Wealth Team is now a Fellow of the Personal Finance Society having obtained the Chartered and now Fellow status of CII qualification.

**Callum Ellsbury** is now level 4 qualified after passing his R06 exam and **Beth Mill-Irving** and **Tom Opelt** are both now ATT qualified.

Congratulations to **Hannah Bass**, who is receiving 'The Certificate in Paraplanning prize' for the best result in the Certificate in Paraplanning for the 2024 examination year.



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