

## Making Tax Digital: MTD

The [TIIN \(impact assessment\)](#) for the first two tranches of Making Tax Digital make interesting reading. Apparently the expected costs we will have to swallow are:

- Turnover over £50,000: average transitional cost £285, average annual additional cost £115.
- £30,000 to £50,000 turnover: average transitional cost £350 average annual additional cost £110.

Considering my own, very basic, accounting software costs me £10 a month plus VAT I am not confident of these figures but perhaps I, and we all, should be shopping around?

Some other facts and figures to consider:

- 315,000 taxpayers had signed up for Making Tax Digital as of 20 May 2026. However the TIIN says “780,000 people with business or property income over £50,000 will join the MTD for ITSA service in from April 2026 with a further 970,000 joining from April 2027” so there is some way to go yet.
- If you are digitally excluded or have some other reason you can’t use MTD you should check out the [guidance here](#).
- HMRC have so far received about 8,000 exemption applications and have accepted around 2,000 of them.

An HMRC spokesperson said:

“If your turnover is over £50,000 you should sign up for Making Tax Digital now. Our [GOV.UK guidance](#) explains what you need to do. Choose a software provider before you sign up and get ready to submit your first quarterly update by the 7 August deadline.”

There is a [slight easement](#) of the new penalty regime for late submissions this year but if you are a self-assessment taxpayer I’m afraid MTD is a huge change that can no longer be put in the “I’ll deal with it later” file.

## Children’s summer holidays

Between 25 June and 1 September there will be a reduced rate of VAT on children’s meals, entrance to attractions and tickets to theatres and cinemas. The intention is that reduced price tickets will be offered in the summer holidays and if they aren’t, maybe ask why not?

The easement is in a [Revenue and Customs Brief here](#).

## Agent registration

From 18 May there is a [rolling requirement](#) for tax advisers to register with HMRC. The idea is to raise the standard of tax advice and drive rogue advisers out of the market. There is no need to take any action to check your agent’s registration yet (and many agents will not yet be within scope) but it may be a topic to bear in mind next time you review your tax advice.

## R&D

There is a [new pilot service](#) to test whether small and medium companies will benefit from targeted “advanced assurance” for research and development tax relief. Note that asking for this advanced assurance is not the same thing as making an actual claim: you will still need to [follow this advice](#) to make an actual claim, even if you have been assured it will be accepted.

**Continued overleaf**

## Clearance for very large business transactions

If you have a project with at least £1 billion of qualifying expenditure in the UK over its lifetime and there is some uncertainty about the tax treatment, you can use a new [Advance Tax Certainty Service](#). This will provide “a binding clearance on how the tax rules will apply to a major investment project from before the final investment decision is taken up until the relevant tax return is made.” The service launches on 1 July but is taking expressions of interest from 1 June.

## Call for Evidence

Not a tax issue, but the Ministry of Housing, Communities and Local Government has an open [Call for Evidence](#) on its strategy for the built environment professions, trades and occupations. If you have views on training, regulation or other issues concerning construction and its trades and professions you should check out [the document here](#) and consider filling in the questions relevant to you in the lengthy [online questionnaire here](#) or else putting together a written response by email to [BPDengagement@communities.gov.uk](mailto:BPDengagement@communities.gov.uk), by 12 August. This is a major exercise it will be important to share with your membership and other networks.

## Bills of Exchange fraud alert

The [latest scam](#) doing the rounds is targeted particularly at the recruitment and temporary labour sectors, where a promoter tells you that you can pay tax debt with Bills of Exchange (also money orders, Public Trusts, Merchant Law or Negotiable Instruments.) They offer to manage the process for you, that it avoids the umbrella company legislation, and/or that it is perfectly legal and has been cleared by HMRC and/or a Kings Counsel. The plain fact is that HMRC does not accept Bills of Exchange or similar instruments in payment of tax debt. It's a scam.

## Late VAT payments

VAT deadlines are not extended when the due date falls on a weekend or a bank holiday. HMRC has noticed that there are websites, and particularly AI summary answers, which suggest there is such a leeway. There isn't, as can plainly be seen from [HMRC's internal manual](#) but they have agreed they need to make their public-facing advice clearer. In the meantime, please note relying on something like ChatGPT can get you into trouble: check the primary sources.

## Reading corner: due diligence in labour supply

You may find it worthwhile to read a useful summary of the changes to contractor governance from Taxation magazine which [may be found here](#), although you will need to create a free account and log in to read it.

The discussion points from the article are

- The small company exemption expansion shifts IR35 status assessment responsibility back to contractors' intermediaries.
- The reforms are about raising compliance standards, not eliminating flexible labour.
- What robust due diligence, contractual protections and supply chain oversight look like in practice.

**If you have any feedback or queries relating to any of the items in JTC Newsline contact Wendy Bradley at [jtcnewsline@pobox.com](mailto:jtcnewsline@pobox.com)**