CAPIUM

# Making Tax Digital for Income Tax: a practical guide for accountants supporting clients

*A Capium Whitepaper*



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# Foreword

When we first started building Capium, the aim was straightforward: help accountants manage compliance and client work without relying on a patchwork of disconnected systems. The profession has never struggled to understand regulation. Accountants are used to interpreting legislation, meeting deadlines and ensuring that clients remain compliant. The real challenge has always been operational. How do you apply those rules consistently across dozens or hundreds of clients without creating unnecessary administrative pressure?

The rollout of Making Tax Digital for Income Tax (MTD IT - formerly known as MTD ITSA - Making Tax Digital for Income Tax and Self Assessment) is another step in the UK's long-term shift toward digital tax reporting. If you run an accounting practice, you've probably followed the development of MTD for some time. The direction of travel has been clear for years: financial records are moving toward digital formats, and reporting to HMRC is becoming more frequent.

What makes MTD for IT significant is the number of clients it affects and the variety of ways those clients currently manage their finances. Some will already use cloud accounting software and maintain digital records. Others may still rely on spreadsheets or paper documents and complete most of their bookkeeping once a year.

That means your role as an accountant shifts slightly. The legislation itself is not difficult to interpret, but helping clients transition to new processes requires planning. You'll be guiding some clients through digital record-keeping for the first time, introducing software where necessary and ensuring that quarterly reporting becomes part of a reliable workflow.

# Foreword

This guide is designed to support that process. It explains what MTD for IT requires, who it applies to and how accounting firms can help different types of clients transition smoothly. Throughout, we'll highlight where integrated systems such as Capium can simplify tasks such as digital record-keeping, quarterly submissions and practice management, allowing firms to manage compliance in a structured way without adding unnecessary complexity.



Tushir Patel, CO-Founder
Capium

# What is MTD for IT?

MTD for IT (Income Tax) changes how sole traders and landlords report income to HMRC. Instead of preparing a single annual Self Assessment return, affected taxpayers will maintain digital financial records and submit information throughout the year using compatible software.

For clients within scope, the reporting cycle includes four main components:

**Digital record-keeping**
Income and expenses must be recorded and stored digitally rather than maintained purely through paper records.

**Quarterly updates**
Clients must submit summaries of income and expenses to HMRC four times per year.

**End-of-period statements**
Adjustments are made after the final quarter to ensure that business income is correctly calculated.

**Final declaration**
The final declaration replaces the traditional Self Assessment return and confirms the taxpayer's overall income position.

Although this structure introduces more frequent submissions, it doesn't necessarily increase the complexity of the underlying calculations. In many cases, the difference lies in how financial data is recorded and reported during the year rather than at the year end.

Software plays an important role here. Platforms like Capium link bookkeeping records directly to MTD submissions, allowing quarterly updates to be generated from the same financial data your clients already maintain.



# Who MTD for IT affects (and when)

The introduction of MTD for IT is being phased in over several years. The timetable currently applies as follows:

**From April 2026**
Individuals with qualifying income above £50,000 from self-employment or property must comply.

**From April 2027**
The threshold reduces to £30,000.

**From April 2028**
The threshold reduces further to £20,000.

For accounting practices, this phased rollout allows time to prepare. Rather than transitioning every client simultaneously, firms can begin by identifying those who will fall within the earliest thresholds and prioritising their migration to digital processes.

Practice systems can help here. Within Capium, for example, accountants can review client records and identify which individuals are most likely to fall within the relevant thresholds, allowing firms to plan the transition gradually.

# The accountant's role under MTD

MTD for IT does not fundamentally change the accountant's responsibility for making sure clients meet their tax obligations. What it does change is the rhythm of the work.

Traditionally, many firms have structured their Self Assessment processes around an annual cycle. Clients provide records at the end of the year, accountants prepare the return and the work concludes once the submission deadline passes.

Under MTD, the focus shifts toward ongoing oversight. Instead of reviewing financial information once per year, accountants may interact with client records throughout the reporting cycle to ensure that quarterly submissions remain accurate.

In practice, this means accountants increasingly need to:

- monitor digital bookkeeping records
- review client data ahead of quarterly submissions
- track multiple reporting deadlines across the year
- maintain visibility across a wider range of client activity.

Ultimately, managing this across a large client base requires reliable systems. Platforms such as Capium bring together bookkeeping, tax reporting, document management and practice workflows so that firms can track submissions and client records within one environment.

# A practical framework for supporting clients

Most firms find that a structured approach helps simplify the transition to MTD. Breaking the process into stages allows practices to manage the workload while supporting clients effectively.

**Step 1: Identify affected clients**

Start by reviewing your client list and identifying sole traders and landlords whose income may fall within the MTD thresholds. This provides a clear picture of which clients will need to transition first.

**Step 2: Assess digital readiness**

Clients will vary in how they currently manage their bookkeeping. Some will already maintain digital records, while others may rely on spreadsheets or manual processes. Understanding this starting point helps determine the level of support required.

**Step 3: Implement compatible software**

Clients must maintain digital records and submit information through compatible software. Introducing a system such as Capium ensures that bookkeeping records, submissions and client communication remain connected.

**Step 4: Establish quarterly workflows**

Quarterly updates introduce additional reporting deadlines. Creating internal workflows that schedule review points and submissions helps ensure deadlines are met consistently.

**Step 5: Maintain visibility across clients**

Finally, ensure that your practice maintains a clear overview of client records and submission status. Centralised systems allow accountants to track deadlines and progress across the entire client base.



# Client readiness: Three common scenarios

As you begin preparing clients for MTD, you'll likely find that most fall into one of three categories.

### 1. Clients with little awareness of MTD

Some clients will have limited awareness of the upcoming changes and may still rely heavily on manual records.
For these clients, the priority is clear communication. Explain how reporting will change and why digital record-keeping is required. In many cases, migrating them to a straightforward bookkeeping system such as Capium provides a practical starting point.

### 2. Clients who are partially digital

Many clients already use spreadsheets or basic accounting tools. They understand the importance of digital records but may not realise that their existing setup does not fully meet MTD requirements.
In these cases, the transition usually involves moving their records into a fully compatible platform that allows submissions to be generated directly from bookkeeping data.

### 3. Digitally confident clients

Some clients already use cloud accounting systems and understand how MTD will affect them.
For these clients, your role often focuses on oversight. You may review their records periodically and ensure that submissions align with HMRC requirements. Integrated platforms allow accountants to maintain visibility even when clients manage their own bookkeeping.

# Managing quarterly submissions without increasing workload

A common concern among accounting firms is that quarterly submissions will increase administrative pressure.

In practice, the impact depends on how client records are maintained. When bookkeeping remains up to date throughout the year and submissions are generated directly from digital data, quarterly reporting becomes significantly more manageable.

Integrated software helps reduce friction by connecting records, submissions and deadlines in one place. Capium, for example, allows accountants to track reporting periods, review client records and submit updates within the same platform, reducing the need to move between separate systems.

Spreading reporting work across the year can also make workloads more predictable compared with a single concentrated Self Assessment season.

# How MTD for IT fits within the wider MTD programme

MTD for IT forms part of a broader transition toward digital tax administration in the UK.

Many firms have already supported clients through earlier stages of the programme, particularly MTD for VAT. The principles behind both initiatives are similar:

- maintain digital financial records
- submit information using compatible software
- improve accuracy by linking records directly to submissions.

For accounting practices, this reinforces the value of adopting systems designed to support digital compliance across multiple areas of tax reporting.

Capium's ecosystem connects bookkeeping, VAT reporting, tax submissions and practice management within a single cloud environment, allowing firms to manage different compliance obligations without relying on disconnected tools.

# Turning MTD into an opportunity

Although MTD introduces additional reporting points, it can also improve visibility into client finances.

When financial records are maintained digitally and reviewed regularly, accountants gain a clearer picture of client performance throughout the year. This can lead to more timely conversations about tax planning, cash flow or business decisions.

Technology supports this shift by reducing the administrative effort required to manage compliance. When bookkeeping, reporting and client data sit within a single system such as Capium, firms can focus more on interpretation and advice rather than manual processing.



# MTD for IT readiness checklist

The following checklist can help accounting firms organise their preparation for MTD.

**Practice preparation**

- Identify sole traders and landlords likely to fall within MTD thresholds
- Review current bookkeeping and tax software
- Establish internal workflows for quarterly reporting
- Ensure systems support digital record-keeping and submissions

**Client preparation**

- Communicate upcoming MTD requirements
- Explain the move toward quarterly reporting
- Assess each client's current bookkeeping processes
- Introduce compatible software where necessary

**Technology setup**

- Implement MTD-compatible systems such as Capium
- Connect bookkeeping data with tax reporting tools
- Ensure submissions can be generated directly from digital records

**Ongoing compliance**

- Monitor client records throughout the year
- Review data ahead of quarterly submissions
- Track reporting deadlines across the practice

# Supporting MTD with the right systems

MTD for IT represents a significant operational shift, but the underlying objective remains the same: accurate reporting and reliable compliance.

With clear processes and proactive client communication, most firms find that the transition becomes manageable quite quickly. The remaining piece is having systems that allow you to maintain visibility across clients, records and submissions without increasing the amount of manual work required.

Capium was built with exactly this challenge in mind. The platform brings together bookkeeping, MTD submissions, tax tools, document management and practice workflows in a single cloud environment. That means accountants can manage digital records, track reporting deadlines and submit updates to HMRC without moving between multiple systems.

If you're preparing your firm and your clients for MTD for IT, it's worth seeing how an integrated platform can support the process.

*Book a Capium demo to see how the platform supports digital record-keeping, quarterly submissions and practice management for MTD-ready accounting firms.*

# Why accountants choose Capium

We've been helping practices digitise their workflows long before MTD came along. Our platform is built specifically for accountants to be intuitive, cloud-based, and constantly updated to meet HMRC standards.

But more than that, we're known for our human approach. We understand that every firm (and every client) is different, and we're here to help you find the path that works best for both.

Whether you need bridging software for a handful of clients or a full practice-wide rollout, you'll get:

- Seamless onboarding and training
- UK-based support from real humans (not chatbots)
- Transparent pricing and no hidden fees
- Tools that scale as your practice grows

Because at Capium, we believe digital compliance shouldn't be a headache — it should make life easier for you and your clients.

# Next steps

No matter where your clients are on their digital journey, Capium has a solution to get them MTD-ready and keep your practice running smoothly.

We'll help you choose the right setup, guide you through onboarding, and make sure your clients are confident, compliant, and well looked after.

**Book a free 15-minute consultation: 020 3322 5578**
**Email us: info@capium.com**
**Visit: www.capium.com**

Because MTD isn't just about tax going digital, it's about accountants taking the lead. And with Capium, you'll be one step ahead.

**FREE TRIAL**

**BOOK A DEMO**

# About Capium

*Capium are the pioneers of connected cloud accounting software for owners of small and medium sized accountancy practices. We've created a software suite that marries automated accounts production and powerful practice management tools that enable accountants to run a smarter, more efficient, and ultimately more profitable business.*




**All in one Cloud Accounting Software for Professionals**

MTD ready
Recognised by HMRC

**Capture. Connect. Collaborate.**



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