Emma Rawson, The Association of Taxation Technicians
Ellen Milner, The Chartered Institute of Taxation
Victoria Todd, The Low Incomes Tax Reform Group

Dear Emma, Ellen, Victoria,

Thank you for your letter of Tuesday 21 January, regarding Making Tax Digital (MTD) for Income Tax and the end-of-year process for mandated users who have additional sources of income to report. I am grateful for the role that the ATT, CIOT and LITRG have played in working with HMRC to support the implementation of MTD for Income Tax. As we head towards the public testing period in April 2025, we are reaching a crucial milestone, and your continued support will be key to the success of the programme.

The end-of-year processes for mandated users is a key aspect of MTD's design, and I welcome the points you have set out in your letter. I am keen to finalise the design of this part of the process quickly so we can focus on preparing customers and agents for the transition from April 2026.

You will be aware that we are working in close collaboration with the software industry to deliver our aims for MTD. Like you, I believe it essential that there is a diverse market for MTD for Income Tax software, allowing customers to select products that best meet their needs, and that includes free and low-cost options. I am pleased to see the software industry taking concrete steps to ensure this happens and starting to make public commitments to free products.
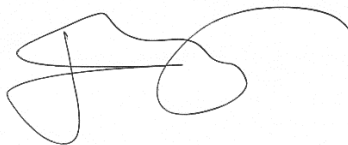
I am confident that a range of software providers will provide functionality covering the whole of the ITSA return, with a number of providers currently indicating they will do so. Similarly, I am confident that, among the emerging free products, there will be those that can accommodate end-of-year filing for common non-mandated income types. However, it is important that we have assurance that software can mitigate the risks you highlight, including the risk that taxpayers fail to disclose other sources of taxable income.

The [HMRC Software Choices](#) page has guidance on the different types of software available, helping customers to decide on the right software that will meet their needs. HMRC has recently updated this page and are now starting a period of co-creation with stakeholders on its design and content, with which you will all be closely involved. In the meantime, the existing page will continue to iterate before HMRC launch a dynamic tool later this year that will enable customers to filter available software products by their preferences, thus simplifying the process of choosing MTD for Income Tax software. I understand that part of the co-creation and subsequent design discussions will focus on how software supports customers and what customers should do when their circumstances change in-year so they can continue to meet their obligations.

More generally, I believe the high-quality software either already available or in development has the potential to help customers with the day-to-day running of their business, supporting their productivity. The existing design approach that allowed for using both software and HMRC's submission service to submit returns caused significant confusion for users in testing, detracting from the overall purpose of MTD. I am of course keen to avoid such confusion when mandated customers are using MTD at scale. I am also confident in our user testing approach, which is being used alongside other insight. This includes the fact that submitting fully via software already works well in existing SA, with approximately 58% of the over £30,000 cohort submitting their return via software.

While I have not yet made a final decision, I am increasingly confident that a single filing channel for MTD users to submit the entirety of their ITSA obligations through software offers the best journey for all.

I hope the ongoing engagement with HMRC at working level provides the necessary reassurances on this issue. If you still have concerns, I encourage further conversations with the senior officials responsible for this programme, Suzanne Newton and Jonathan Athow.

James Murray MP
EXCHEQUER SECRETARY TO THE TREASURY