

Making Tax Digital for Income Tax

GreenStones Getting Started Guide



GreenStones
Inspiring • Challenging • Supporting

Making Tax Digital for Income Tax is due to take effect from 06 April 2024 for self-employed businesses and landlords with annual business or property income over £10,000. So, GreenStones have prepared a helpful guide that you can start actioning now to get you started.

Ensure You Have A Personal Tax Account (PTA)

If you already submit a self-assessment tax return to HMRC you will already have a PTA.

However, if you have not submitted a self-assessment tax return before, you will need to ensure you have one.

Create Your PTA [HERE](#)

Designate Your Bank Accounts

Ensure you have a separate bank account for each income source.

- Business income and related expenses should flow through one designated account.
- Property income and related expenses should flow through one account.

Organise Your Expenses

Once you have designated bank accounts for each income source, ensure you keep them separate!

Personal expenses should be paid from your personal account and not business bank accounts.

Business expenses should be paid from the business account that they relate to.

Property expenses should be paid from the property bank account they relate to.

If your business or property account is low on money, don't be tempted to pay expenses from another account (e.g a personal account). Instead, introduce capital to the account, then pay the expenses. Remember, to keep a record or note of where the capital was introduced from.

Keep Your Receipts

The golden rule of bookkeeping! Always obtain and retain your receipts for all business and property expenses. With cloud based accounting software and the many bookkeeping apps on the market, maintaining your records has never been easier.

Remember to Make Regular Drawings

When taking drawings from your business or property account for yourself, it is good practice to do this on a monthly or weekly basis.

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Choose Your Software

Now you have your designated bank accounts working like clockwork, you need to choose which accounting software is right for you.

HMRC require you to use approved software to maintain your records and submit your quarterly reports. Spreadsheets can be used, but we would not recommend this as once submitted the entries cannot be amended.

HMRC have their own extensive list of approved software which can be found

[HERE](#)

However, here are our top 3 recommendations ...

[XERO](#)

[QUICKBOOKS](#)

[FREEAGENT](#)

Get Started Now!

We recommend starting during the 2022/23 tax year - the sooner the better! Or, by 06 April 2023 at the very latest.

Taking action NOW in readiness for the new rules will ...

- Allow you ample time for choosing the right software for you
- Allow you to familiarise yourself with your chosen software
- Give you access to training and support (which could be in high demand closer to the deadline)
- Potentially save you money with training and support costs
- Cause you less stress!

**For further support with Making Tax Digital for Income Tax,
give the GreenStones Team a call on 01733 371180**



GreenStones

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