MTD for Income Tax

Client communication pack by

Bright

Letter 1: Introducing Making Tax Digital to clients

Version 1: For clients not using software

Subject line: Preparing for Making Tax Digital (MTD)

Dear [Client],

I am writing to inform you about the upcoming implementation of Making Tax Digital (MTD), which will affect your tax obligations from April 2026.

What is MTD?

MTD is a government initiative aimed at modernising the UK tax system by requiring taxpayers to maintain digital records and submit tax returns electronically. From April 2026, instead of the traditional annual self-assessment tax return, you will be required to:

- Maintain digital records of your income and expenses
- Submit quarterly updates to HMRC
- File a final declaration at the end of each tax year

Who is affected?

MTD is being rolled out in phases, and from 6 April 2026, it will apply to individuals with a total business income exceeding £50,000 per year.

What you need to do before April 2026

To comply with these new requirements, you will need to use digital bookkeeping software compatible with MTD. We will use your digital records to prepare and submit the required quarterly updates and final declaration.

We are happy to assist you in choosing the right bookkeeping software or you can opt for our recommended solution, [PRODUCT NAME].

How we can assist you

As your accountant, we are here to support you through this transition. Our team can provide guidance and training to help you adapt to the new software and processes smoothly.

The first step is to select and set up MTD-compatible software. We are available to assist with this process and offer ongoing training and support to ensure you remain compliant and make the most of your digital records.

Next steps

We recommend scheduling a meeting to discuss how MTD will specifically impact you and to develop a tailored plan for compliance. Please contact us at your earliest convenience to arrange a meeting.

We understand that this change may seem daunting, but with early preparation and the right support, we can ensure a smooth transition to the new system.

Version 2: For clients using software

Subject line: Preparing for Making Tax Digital (MTD)

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What is MTD?

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What you need to do before April 2026

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How we can assist you

As your accountant, we are here to support you through this transition. Our team can provide guidance and training to help you adapt to the new processes smoothly.

We recommend scheduling a meeting to discuss how MTD will specifically impact you and to develop a tailored plan for compliance. Please contact us at your earliest convenience to arrange a meeting.

We understand that this change may seem daunting, but with early preparation and the right support, we can ensure a smooth transition to the new system.

Letter 2: Following up clients who haven't responded and referencing a fee increase

Version 1: For clients not yet using bookkeeping software

Subject line: Follow-up on Making Tax Digital

Dear [Client],

I hope this message finds you well. We recently wrote to you regarding the upcoming implementation of Making Tax Digital (MTD), which will take effect in April 2026, and wanted to follow up as we have not yet heard back from you.

Although the implementation date is still some time away, we would like to begin discussions with you now to ensure a smooth transition well in advance of the commencement date.

Digital record keeping will soon be mandatory, and while this change introduces new processes, it also offers multiple benefits for your business. We would like to discuss suitable software solutions and better understand how these changes will affect your accounting processes and our ongoing involvement.

A key question we have received from other clients relates to how MTD will impact the work we perform and how this will be reflected in our fees. The additional compliance requirements will inevitably increase the accounting work needed, and as such, we will need to discuss adjustments to our service levels and associated fees.

Maintaining the current process will no longer be possible under MTD, so it is essential to address these changes together to ensure a seamless transition.

Next steps

We recommend scheduling a meeting to discuss how MTD will specifically impact your business and to develop a tailored plan for compliance.

Please contact us at your earliest convenience to arrange a meeting.

Version 2: For clients already using bookkeeping software

Subject line: Follow-up on Making Tax Digital

Dear [Client],

I hope this message finds you well. We recently wrote to you regarding the upcoming implementation of Making Tax Digital (MTD), which will take effect in April 2026, and wanted to follow up as we have not yet heard back from you.

Although the implementation date is still some time away, we would like to begin discussions with you now to ensure a smooth transition well in advance of the commencement date.

Digital record keeping will soon be mandatory, and while this change introduces new processes, it also offers multiple benefits for your business. We would like to discuss how these changes will affect your accounting processes and our ongoing involvement.

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Maintaining the current process will no longer be possible under MTD, so it is essential to address these changes together to ensure a seamless transition.

Next steps

We recommend scheduling a meeting to discuss how MTD will specifically impact your business and to develop a tailored plan for compliance.

Please contact us at your earliest convenience to arrange a meeting.

Letter 3: Responding to clients that have reacted negatively to initial MTD comms

Subject line: Understanding Making Tax Digital (MTD) and our commitment to supporting you

Dear [Client],

Thank you for reaching out and sharing your concerns regarding Making Tax Digital (MTD). MTD is a government-led initiative and we appreciate that adapting to these new regulations may feel like an additional burden.

We understand your frustration and want to reassure you that our intention is to ensure your business continues to meet your statutory requirements and to minimise any disruption to your business.

We also appreciate your concerns regarding fees and would like to state that we are not using this as a commercial opportunity. The new requirements do increase the amount of work involved in maintaining compliance, and any increase in our fees are a reflection of the additional work we will need to undertake on your behalf.

Please let us know a convenient time to discuss this further. We are confident that we can implement a solution that works for you and keeps your business running smoothly.

If you have any immediate questions or wish to schedule a meeting, feel free to reach out. We genuinely value your business and are here to help every step of the way.

Discover more Making Tax Digital resources on Bright's MTD Hub

https://brightsg.com/making-tax-digital-income-tax-hub/

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