The Making Tax Digital engagement letter

United Kingdom edition

[Firm letterhead]

[Date]

[Client name]
[Client address]

Dear [Client name],

THE ENGAGEMENT

You are required to use Making Tax Digital for Income Tax from [6 April 2026 / 6 April 2027 / 6 April 2028] for your [self-employment / property] income. We will act as your main agent with HM Revenue & Customs and will, for each tax year from [year]: [prepare and submit your quarterly updates from the digital records you keep / keep your digital records and submit your quarterly updates], and prepare and submit your year-end tax return once you have approved it.

THE QUARTERLY TIMETABLE

Your updates cover the periods ending [5 July, 5 October, 5 January and 5 April / 30 June, 30 September, 31 December and 31 March] and are due to HMRC by 7 August, 7 November, 7 February and 7 May. We need your records for each quarter complete in [software] by [the 20th of the month after the quarter ends]. Records received later may mean the update is sent late.

DIGITAL RECORDS

You are responsible for keeping digital records of your income and expenses, each showing the amount, the date and the category, in software compatible with Making Tax Digital, and for keeping them for at least five years after the 31 January filing deadline. [We will provide and administer the software, and our fee includes the licence.]

THE YEAR-END TAX RETURN

After the end of the tax year we will prepare your tax return, including income that is not reported quarterly, such as savings interest and dividends. We will not submit it until you have confirmed to us that it is correct and complete. It is due by 31 January, which is also when any balancing payment and first payment on account are due.

WHAT IS NOT INCLUDED

This engagement does not include VAT returns, payroll, partnership returns, 60-day property returns, tax planning, or dealing with any HMRC enquiry or compliance check. We will agree any of these with you separately.

ANTI-MONEY LAUNDERING

We are required by the Money Laundering Regulations 2017 to verify your identity, and to report to the National Crime Agency if we know or suspect money laundering, which the law may prevent us from telling you about.

FEES

Our fee is [amount] plus VAT per [quarter / month], collected by [direct debit / invoice], covering the quarterly updates and the year-end return. [Software is charged at [amount] per month.] Work outside this scope is charged at [rate] per hour and agreed first.

YOUR DATA

We process your personal data in accordance with the UK GDPR and the Data Protection Act 2018, as described in our privacy notice.

AGREEMENT

This letter and our standard terms of business form our contract. Please sign and return a copy.

Yours sincerely,
[Name], [Firm name]

Agreed by [Client name]:

Signature _____ Date _____

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