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STATUTORY INSTRUMENTS

2026 No. 336

INCOME TAX

The Income Tax (Digital Obligations) Regulations 2026

Made - - - -	*23rd March 2026*
Laid before the House of Commons - - - -	*24th March 2026*
Coming into force - -	*1st April 2026*

The Commissioners for His Majesty's Revenue and Customs make the following Regulations in exercise of the powers conferred by paragraphs 7, 9, 11, 13 to 15 and 18 of Schedule A1 to the Taxes Management Act 1970(**1**).

PART 1

Citation, commencement and interpretation

Citation and commencement

1. These Regulations may be cited as the Income Tax (Digital Obligations) Regulations 2026 and come into force on 1st April 2026.

Interpretation

2. In these Regulations—

"calendar quarters election" has the meaning given in regulation 11(1);

"digital obligation" means an obligation of a relevant person(**2**) arising under any provision of Parts 4 to 6 which requires the use of functional compatible software;

"digital obligation tax year" has the meaning given by regulation 7;

"digital records" has the meaning given by regulation 15(2);

"digital start date" has the meaning given by regulation 5;

(**1**) 1970 c. 9. Schedule A1 was inserted by section 60 of the Finance (No. 2) Act 2017 (c. 32) and amended by paragraph 7(2) of Schedule 6 to the Finance Act 2018 (c. 3), paragraphs 30 and 32 of Schedule 1 to the Finance Act 2022 (c. 3) and sections 256 to 258 of the Finance Act 2026 (c. 11).

(**2**) "Relevant person" is defined in paragraph 1(1) of Schedule A1 to the Taxes Management Act 1970 ("TMA 1970"). Paragraph 1 of Schedule A1 was substituted by section 256(3) of the Finance Act 2026.

"digital termination date" has the meaning given by regulation 6;

"direction" means a specific or general direction;

"financial information" has the same meaning as in paragraph 7(2) of Schedule A1;

"functional compatible software" has the meaning given by regulation 3(1);

"overseas activity" means—

(a) a relevant activity(**3**) carried on wholly outside the United Kingdom, or

(b) where a relevant activity is carried on partly outside the United Kingdom, that part of the activity;

"previous filing tax year", in relation to a person and a tax year(**4**) ("the tax year Y"), means the latest tax year for which the person—

(a) was required to make and deliver a return, and

(b) had to do so before the start of the tax year Y;

"qualifying amount", in relation to a tax year, has the meaning given by regulation 27;

"qualifying income" has the meaning given by regulation 25;

"quarterly update" has the meaning given by regulation 9(1);

"quarterly update deadline" has the meaning given by regulations 12 and 13;

"quarterly update information" has the meaning given by regulation 10(1);

"quarterly update period" has the meaning given by regulations 12 to 14;

"return" means a return required pursuant to a notice under section 8(1)(a) of TMA 1970 (personal return)(**5**);

"Schedule A1" means Schedule A1 to TMA 1970;

"tax year Y-1", in relation to a tax year ("the tax year Y"), means the tax year before the tax year Y, and "tax year Y-2" and "tax year Y-3" are to be construed accordingly;

"tax year Y+1", in relation to a tax year ("the tax year Y"), means the tax year after the tax year Y;

"TMA 1970" means the Taxes Management Act 1970;

"trustee" includes an executor or an administrator liable to tax under section 74(1) of TMA 1970 (personal representatives).

PART 2

Functional compatible software

Meaning of "functional compatible software"

3.—(1) "Functional compatible software" means a software program which can be used to—

(a) give quarterly updates, and corrections to such updates, to HMRC using the API platform,

(b) deliver returns, and give notice of amendments to returns, using the API platform,

(c) keep and correct digital records, and

(**3**) "Relevant activity" is defined in paragraph 1(2) and (3) of Schedule A1 to TMA 1970.

(**4**) The definition of "tax year" given in section 4(2) of the Income Tax Act 2007 (c. 3) ("ITA 2007") applies for the purposes of the Income Tax Acts (by section 989 of ITA 2007).

(**5**) Section 8(1) was substituted by section 178(1) of the Finance Act 1994 (c. 9) and amended by section 121(1) of the Finance Act 1996 (c. 8) and Part 5(3) of Schedule 27 to the Finance Act 2007 (c. 11).

(d) receive information from HMRC using the API platform in relation to compliance with an obligation to do anything mentioned in sub-paragraphs (a) to (c).

(2) In paragraph (1)—

"API platform" means the application programming interface enabling software programs to communicate with HMRC and meeting such conditions as the Commissioners may specify by direction;

"program" means—

(a) a single program, or

(b) a set of programs where, once data forming part of digital records have been recorded in one program in the set, the amendment of or access to those data, using any of the programs in the set, does not require any further recording of those data by the user.

PART 3

Period for which digital obligations apply

Application of regulations 5, 6 and 7

4. Regulations 5, 6 and 7 apply in relation to a relevant person and a relevant activity of that person.

Digital start date

5.—(1) Where the person—

(a) is a relevant person on 6th April 2026, and

(b) immediately before 6th April 2026—

(i) was carrying on the relevant activity, and

(ii) was, or had been, required to comply with an obligation to deliver a return for the tax year 2024-25 containing financial information about that activity,

the digital start date is 6th April 2026.

(2) Otherwise, the digital start date is 6th April in the tax year after the tax year in which the person is first required to comply with an obligation to deliver a return containing financial information about the relevant activity.

(3) However, where a relevant person makes a calendar quarters election in relation to the tax year ("the tax year Y") containing the 6th April that is determined by paragraph (1) or (2), the digital start date is instead 1st April in the tax year Y-1.

Digital termination date

6.—(1) Where the person ceases to carry on the relevant activity—

(a) the digital termination date is the date of that cessation, and

(b) the person must give notice to HMRC of the digital termination date no later than the quarterly update deadline for the quarterly update period in which that date falls.

(2) However, paragraph (1)(b) does not apply—

(a) where the digital termination date is earlier than the digital start date, or

(b) to a person to whom, by virtue of any provision of Part 7, or of regulation 45, no digital obligation applies on the digital termination date.

(3) In paragraph (1), the cessation of the carrying on of an activity includes—

(a) a cessation which is treated as occurring under section 17(2)(a) of ITTOIA 2005 (effect of becoming or ceasing to be a UK resident)(**6**);

(b) where the activity is an overseas property business within the meaning of section 265 of ITTOIA 2005 (overseas property business), the person ceasing to be resident(**7**) in the United Kingdom.

Digital obligation tax years

7.—(1) The digital obligation tax years are the tax years—

(a) beginning with the tax year in which the digital start date for the relevant activity falls, and

(b) ending with the tax year in which the digital termination date for the relevant activity falls.

(2) However—

(a) where the digital termination date is earlier than the digital start date, there are no digital obligation tax years;

(b) where a person's digital start date is 1st April in a tax year, the digital obligation tax years begin with the following tax year.

PART 4

Returns and quarterly updates

Obligation to use functional compatible software to deliver return

8. A relevant person who is required to deliver a return for a digital obligation tax year must use functional compatible software to do so.

Obligation to give HMRC quarterly updates

9.—(1) A relevant person must—

(a) give HMRC a submission of information (a "quarterly update"), in relation to each relevant activity of the person, for each quarterly update period associated with a digital obligation tax year,

(b) use functional compatible software to do so, and

(c) give HMRC each quarterly update no later than the quarterly update deadline for the period for which the update is given.

(2) The person may only give HMRC a quarterly update before the end of the quarterly update period for which the update is given if—

(a) the update is given to HMRC not more than 10 days before the end of the quarterly update period, and

(**6**) 2005 c. 5. The definition of "ITTOIA 2005" in section 118(1) of TMA 1970 was inserted by paragraph 380 of Schedule 1 to the Income Tax (Trading and Other Income) Act 2005 ("ITTOIA 2005"). Section 17(2) was amended by paragraph 76(3) of Schedule 45 to the Finance Act 2013 (c. 29).

(**7**) The definition of "resident (or not resident) in the UK" in paragraph 2(1) of Schedule 45 to the Finance Act 2013 applies in enactments relating to various taxes, including income tax.

(b) the person reasonably believes that the update contains the quarterly update information required for the whole of the quarterly update period.

(3) The person is not required to give HMRC a quarterly update in relation to a relevant activity for any quarterly update period after the period in which the digital termination date for that relevant activity falls.

Content of quarterly update

10.—(1) A quarterly update must contain such information ("quarterly update information") relating to a relevant activity of a relevant person as the Commissioners may specify by direction.

(2) Quarterly update information may consist of any information which the Commissioners have power to specify under paragraph 7 of Schedule A1.

(3) The Commissioners may specify different quarterly update information in relation to different—

(a) descriptions of relevant person or relevant activity;

(b) quarterly update periods.

Calendar quarters election

11.—(1) A relevant person may make an election under this paragraph ("a calendar quarters election") in relation to a digital obligation tax year, by giving notice to HMRC before the person has given a quarterly update to HMRC in relation to that tax year.

(2) Subject to paragraph (4), a calendar quarters election has effect in relation to that digital obligation tax year and each subsequent digital obligation tax year.

(3) A relevant person may withdraw a calendar quarters election by giving a further notice to HMRC at any time in a digital obligation tax year.

(4) Where a person gives HMRC a notice withdrawing a calendar quarters election—

(a) if the notice is given to HMRC before the person has given HMRC a quarterly update in relation to the digital obligation tax year in which the notice is given, the final tax year to which the calendar quarters election has effect is the previous tax year;

(b) otherwise, the final tax year to which the calendar quarters election has effect is the tax year in which the notice is given.

Quarterly update periods and associated deadlines where no calendar quarters election has effect

12.—(1) Subject to regulation 14, where no calendar quarters election has effect in relation to a digital obligation tax year ("the tax year Y"), the quarterly update periods associated with the tax year Y, and the quarterly update deadlines for those periods, are those set out in Table 1.

Table 1

Name of quarterly update period	*Definition of quarterly update period*	*Quarterly update deadline for the quarterly update period*
Quarterly update period 1	The period beginning with the relevant start date and ending with 5th July in the tax year Y	7th August in the tax year Y
Quarterly update period 2	The period beginning with the relevant start date and ending	7th November in the tax year Y

Name of quarterly update period	*Definition of quarterly update period*	*Quarterly update deadline for the quarterly update period*
	with 5th October in the tax year Y	
Quarterly update period 3	The period beginning with the relevant start date and ending with 5th January in the tax year Y	7th February in the tax year Y
Quarterly update period 4	The period beginning with the relevant start date and ending with the last day of the tax year Y (5th April)	7th May in the tax year Y+1

(2) In Table 1, "the relevant start date" means—

(a) in the case where a calendar quarters election had effect in relation to the tax year Y-1, 1st April in the tax year Y-1;

(b) in any other case, the first day of the tax year Y (6th April).

Quarterly update periods and associated deadlines where calendar quarters election has effect

13.—(1) Subject to regulation 14, where a calendar quarters election has effect in relation to a digital obligation tax year ("the tax year Y"), the quarterly update periods associated with the tax year Y, and the quarterly update deadlines for those periods, are those set out in Table 2.

Table 2

Name of quarterly update period	*Definition of quarterly update period*	*Quarterly update deadline for the quarterly update period*
Quarterly update period 1	The period beginning with the relevant start date and ending with 30th June in the tax year Y	7th August in the tax year Y
Quarterly update period 2	The period beginning with the relevant start date and ending with 30th September in the tax year Y	7th November in the tax year Y
Quarterly update period 3	The period beginning with the relevant start date and ending with 31st December in the tax year Y	7th February in the tax year Y
Quarterly update period 4	The period beginning with the relevant start date and ending with 31st March in the tax year Y	7th May in the tax year Y+1

(2) In Table 2, "the relevant start date" means—

(a) in the case where—

(i) the person making the election was required to give quarterly updates to HMRC in relation to the tax year Y-1, and

(ii) no calendar quarters election had effect in relation to the tax year Y-1,

the first day of the tax year Y (6th April);

(b) in any other case, 1st April in the tax year Y-1.

Final quarterly update period to end with digital termination date

14. The quarterly update period containing the digital termination date for a relevant activity of a relevant person ends with that digital termination date.

PART 5

Digital record-keeping

Obligation to keep digital records

15.—(1) A relevant person must—

(a) subject to paragraph (4), keep the records specified by paragraph (2) (“digital records”) in relation to a digital obligation tax year,

(b) use functional compatible software to do so, and

(c) ensure that each record is recorded in accordance with paragraph (3).

(2) The digital records, in relation to a digital obligation tax year, are—

(a) records of the financial information required to be included—

(i) in each quarterly update for that tax year;

(ii) in a return for that tax year;

(b) details of the items comprised in the financial information described in sub-paragraph (a), including the amounts of those items and the dates on which they were received or incurred;

(c) such other records as the Commissioners consider relevant to ascertaining financial information described in sub-paragraph (a) as the Commissioners may specify by direction.

(3) A digital record in relation to a digital obligation tax year must be—

(a) in such form as the Commissioners may specify by direction, and

(b) recorded—

(i) if the record relates to financial information required to be included in a quarterly update, no later than the date on which that update is given, or required to be given, to HMRC, whichever is earlier;

(ii) otherwise, no later than the date on which a return for that tax year is delivered, or required to be delivered, whichever is earlier.

(4) Where, by direction under this paragraph, the Commissioners specify a subset of digital records, a relevant person may elect to keep only that subset.

(5) A direction under paragraph (4) may specify different subsets of digital records in different cases.

PART 6

Amendment and correction

Amendment of return using functional compatible software

16. A relevant person who uses functional compatible software to deliver a return for a digital obligation tax year may use functional compatible software to give notice of an amendment of that return pursuant to section 9ZA of TMA 1970 (amendment of personal or trustee return by taxpayer)(**8**).

Correction of digital records and quarterly updates

17.—(1) A relevant person who—

(a) keeps a digital record, and

(b) discovers that there is an error or omission in that record,

must use functional compatible software to correct that record and must do so as soon as possible.

(2) A relevant person who—

(a) gives a quarterly update, and

(b) discovers that there is an error or omission in that update,

must use functional compatible software to give HMRC the correct or complete information which should have been included in that update.

(3) If the quarterly update mentioned in paragraph (2) is for—

(a) quarterly update period 4 associated with a digital obligation tax year, or

(b) the quarterly update period in which the digital termination date falls,

the person must give the information mentioned in that paragraph to HMRC no later than the date on which the person is required to deliver a return for the digital obligation tax year with which the quarterly update period is associated.

(4) Otherwise, the person must give HMRC that information no later than the date on which the person is next required to give HMRC a quarterly update.

PART 7

Exemptions

CHAPTER 1

Exclusion exemption

Exemption where an exclusion notice is in place

18.—(1) This regulation applies where an exclusion notice is or has been in place in relation to a relevant person on a day ("the relevant day").

(2) A digital obligation does not apply to the person if it—

(a) would require the person to use functional compatible software on the relevant day, or

(**8**) Section 9ZA was inserted by paragraph 2(2) of Schedule 29 to the Finance Act 2001 (c. 9) and amended by section 91(2) of the Finance Act 2007 (c. 11).

(b) relates to the digital obligation tax year in which the relevant day falls.

(3) A digital obligation applying to the person immediately before the relevant day is to be treated as ceasing to apply immediately before the relevant day.

(4) In paragraph (1)—

"exclusion notice" has the meaning given in regulation 19(4);

"in place", in relation to an exclusion notice, has the meaning given in regulation 19(7).

Exclusion notice given by the Commissioners

19.—(1) If a relevant person gives HMRC notice of a belief that the person is or has been excluded, the Commissioners must—

(a) decide whether they are satisfied that the person is or has been excluded, and

(b) if they are not so satisfied, give the person notice of that fact.

(2) A notice given by a relevant person under paragraph (1) must specify—

(a) the reason why the person believes that the person is or has been excluded;

(b) the date on which, in the person's opinion, the person became excluded;

(c) the date (if any) on which, in the person's opinion, the person ceased to be excluded.

(3) A relevant person who has given a notice under paragraph (1) without specifying a date under paragraph (2)(c) and who subsequently believes that the person has ceased to be excluded must—

(a) give HMRC a further notice specifying the date on which, in the person's opinion, the person ceased to be excluded, and

(b) do so within 3 months of first having reason to believe that the person has ceased to be excluded.

(4) Whether or not the person has given notice under paragraph (1), if the Commissioners are satisfied that a relevant person is or has been excluded, they must give the person a notice ("an exclusion notice").

(5) An exclusion notice must specify—

(a) the date on which, in the Commissioners' opinion, the relevant person became excluded;

(b) the date (if any) on which, in the Commissioners' opinion, the relevant person ceased to be excluded.

(6) If, after the Commissioners have given a relevant person an exclusion notice without specifying a date under paragraph (5)(b), and whether or not there has been a notice under paragraph (3), they consider that the person has ceased to be excluded, they must give the person a further notice specifying the date on which, in their opinion, the person ceased to be excluded.

(7) In regulation 18(1), an exclusion notice is "in place" in relation to a relevant person on each of the days in the period—

(a) beginning with the date mentioned in paragraph (5)(a), and

(b) ending with the date (if any) mentioned in paragraph (5)(b) or (6).

(8) In this regulation, "excluded" has the meaning given in regulation 20.

Meaning of "excluded"

20. In regulation 19, a person is "excluded" if the person is—

(a) digitally excluded(**9**), or

(**9**) "Digitally excluded" is defined in paragraph 14(2) of Schedule A1 to TMA 1970.

(b) unable to meet any condition relating to the verification of identity arising under regulation 46, by reason of any circumstance beyond the person's control.

CHAPTER 2

Exemptions by reference to amount of income

Exemption where this Chapter applies

21. Where this Chapter applies to a relevant person for a digital obligation tax year, a digital obligation does not apply to the person in relation to that tax year.

Application of this Chapter to the tax year 2026-27

22. This Chapter applies to a relevant person for the digital obligation tax year 2026-27 if the amount of the person's qualifying income for the tax year 2024-25 is not more than the qualifying amount for the tax year 2024-25.

Application of this Chapter to any tax year after 2026-27 where no digital obligation applied in previous tax year

23. This Chapter applies to a relevant person for a digital obligation tax year ("the tax year Y") after the tax year 2026-27 if—

(a) no digital obligation applied to the person in relation to the tax year Y-1, and

(b) the amount of the person's qualifying income for the tax year Y-2 is not more than the qualifying amount for the tax year Y-2.

Application of this Chapter to any tax year after 2028-29 where a digital obligation applied in previous three tax years

24. This Chapter also applies to a person for a digital obligation tax year ("the tax year Y") after the tax year 2028-29 if—

(a) a digital obligation applied to the person in relation to the tax year Y-3, the tax year Y-2 and the tax year Y-1, and

(b) the amount of the person's qualifying income for each of those three tax years was not more than the qualifying amount for that tax year.

Qualifying income

25.—(1) A relevant person's qualifying income for a tax year is the sum, determined in accordance with regulation 26, of the amounts of income, from each relevant activity carried on by the person in that tax year, required to be included in the person's return for that tax year.

(2) However, where a tax year has ended and a relevant person has not, or not yet, been required to make and deliver a return for that tax year, the person's qualifying income for that tax year is instead—

(a) in a case where the person was required to give HMRC quarterly updates for the tax year, the sum of the amounts of income, from each relevant activity carried on by the person in the tax year, required to be included in the latest such update, or

(b) in any other case, zero.

(3) In determining an amount under paragraph (2)(a)—

(a) an amount of income is to be included before any deductions;

(b) no amount mentioned in regulation 26(b) is to be included.

Determination of qualifying income

26. In determining the amount of a person's qualifying income for a tax year—

(a) the amount of income from a relevant activity is—

(i) the amount included in the return before any deductions, or

(ii) if the person is not required to include in the return the amount of income from the relevant activity before any deductions, the amount included in the return after deductions;

(b) no amount of the following for the tax year is to be included—

(i) an amount received by a trustee, in that capacity;

(ii) payments or transfers to which section 13(2) of ITTOIA 2005 (visiting performers) applies;

(iii) qualifying care receipts within the meaning of Chapter 2 of Part 7 of ITTOIA 2005 (qualifying care relief)(**10**);

(c) no account is to be taken of an amendment of the person's return for that tax year which—

(i) would increase the person's qualifying income for the year, and

(ii) is made after the start of the tax year in relation to which the exemption under this Chapter would apply;

(d) if a person's qualifying income for a tax year is in respect of a period of other than 12 months, the qualifying income is to be adjusted proportionately on the basis of the length of the period or, if it appears that that method would work unreasonably or unjustly, on a just and reasonable basis.

Qualifying amount for a tax year

27. The "qualifying amount" for a tax year means—

(a) £50,000 for the tax year 2024-25;

(b) £30,000 for the tax year 2025-26;

(c) £20,000 for the tax year 2026-27 and any subsequent tax year.

CHAPTER 3

Exemptions by reference to description of relevant activity and non-residence

Exemptions for relevant activities of specified description

28.—(1) A digital obligation does not apply to a relevant person in relation to a relevant activity where the person has given a notice satisfying HMRC that the activity is of a description specified in paragraph (2).

(2) The descriptions are—

(a) a relevant activity carried on by a trustee, in that capacity;

(**10**) The meaning of "qualifying care receipts" is given by section 805 of ITTOIA 2005 which was amended by paragraph 5 of Schedule 1 to the Finance (No. 3) Act 2010 (c. 33), paragraph 42 of Schedule 4 to the Finance Act 2013, paragraph 11 of Schedule 2 to the Finance (No. 2) Act 2017, paragraph 23 of Schedule 1 to the Finance Act 2022 (c. 3) and paragraph 33 of Schedule 10 to the Finance Act 2024 (c. 3).

(b) a trade, profession or vocation which a performer is treated, under section 13(2) of ITTOIA 2005 (visiting performers), as carrying on in the United Kingdom;

(c) the provision of qualifying care within the meaning of Chapter 2 of Part 7 of ITTOIA 2005 (qualifying care relief)(**11**).

(3) In paragraph (1), giving a notice includes delivering a return containing information about the activity which is sufficient to enable HMRC to be satisfied that the activity is of a specified description.

Further exemptions: overseas activities in non-residence cases

29.—(1) This regulation applies to a relevant person, a digital obligation tax year ("the tax year Y") and a relevant activity of the person which is an overseas activity.

(2) A digital obligation does not apply to the person in relation to the tax year Y and the activity if—

(a) the person was not resident in the United Kingdom in the tax year Y-2, or

(b) the tax year Y is a tax year after the tax year 2026-27 and the person is a new non-resident in the tax year Y.

(3) In paragraph (2), a person is a "new non-resident" in the tax year Y if the person—

(a) was resident in the United Kingdom for the tax year Y-2,

(b) is not resident, or reasonably expects not to be resident, in the United Kingdom for the tax year Y, and

(c) has given a notice satisfying HMRC of these facts.

CHAPTER 4

Exemptions by reference to description of person

SECTION 1

Exemptions where description applies in previous filing tax year or subsequently

Exemption for persons having specified description in the previous filing tax year

30. A digital obligation does not apply to a relevant person in relation to a digital obligation tax year ("the tax year Y") where, at any point in the previous filing tax year in relation to the tax year Y, the person was a person to whom this Section applies.

Exemption for persons beginning to have specified description after the end of the previous filing tax year

31.—(1) This regulation applies in relation to a relevant person and a digital obligation tax year ("the tax year Y") where—

(a) after the end of the previous filing tax year in relation to the tax year Y, the person has begun to be a person to whom this Section applies, and

(b) the person has given a notice satisfying HMRC of this fact.

(2) Where this regulation applies—

(a) a digital obligation does not apply to the person in respect of the tax year Y;

(**11**) The meaning of providing qualifying care is given by section 805A of ITTOIA 2005 which was inserted by paragraph 6 of Schedule 1 to the Finance (No. 3) Act 2010.

(b) any digital obligation of the person which has already arisen in relation to the tax year Y is to be taken never to have arisen.

Powers of attorney, appointments of deputy etc

32.—(1) This Section applies to—

(a) a donor of—

(i) a lasting power of attorney within the meaning of section 9(1) of the Mental Capacity Act 2005 (lasting powers of attorney)(**12**), or

(ii) an enduring power of attorney within the meaning of Schedule 4 to the Mental Capacity Act 2005 (characteristics of an enduring power of attorney);

(b) an individual who has granted—

(i) a continuing power of attorney under section 15(1) of the Adults with Incapacity (Scotland) Act 2000 (creation of continuing power of attorney)(**13**), or

(ii) a welfare power of attorney under section 16(1) of the Adults with Incapacity (Scotland) Act 2000 (creation and exercise of welfare power of attorney);

(c) a donor of an enduring power which meets the requirements of Article 4(1) of the Enduring Powers of Attorney (Northern Ireland) Order 1987 (characteristics of an enduring power)(**14**);

(d) a person in respect of whom a deputy has been appointed under section 16(2)(b) of the Mental Capacity Act 2005 (powers to make decisions and appoint deputies: general);

(e) an adult in respect of whom a guardianship order has been made within the meaning of section 58(1) of the Adults with Incapacity (Scotland) 2000 (disposal of application);

(f) a patient in respect of whom a controller has been appointed under Article 101(1) of the Mental Health (Northern Ireland) Order 1986 (power to appoint controller)(**15**).

(2) In paragraphs (1)(a), (b) and (c), references to a power do not include a power—

(a) which has been revoked or terminated or has otherwise come to an end, or

(b) the donor of which is still capable of providing financial information to HMRC.

(3) In paragraph (1)(d), reference to the appointment of a deputy does not include an appointment which has been revoked or has otherwise come to an end.

(4) In paragraph (1)(e), reference to a guardianship order does not include an order which has been recalled or terminated or has otherwise come to an end.

(5) In paragraph (1)(f), reference to the appointment of a controller does not include the appointment of a controller who has been discharged, or an appointment which has otherwise come to an end.

Ministers of religion

33. This Section applies to a minister of a religious denomination.

Lloyd’s underwriters

34. This Section applies to an underwriting member of Lloyd’s.

(**12**) 2005 c. 9.
(**13**) 2000 asp 4.
(**14**) 1987 No. 1627 (N.I. 16).
(**15**) 1986 No. 595 (N.I. 4).

SECTION 2

Exemption where description applies on last day of previous tax year

No national insurance number

35. A digital obligation does not apply to a relevant person in relation to a digital obligation tax year ("the tax year Y") where, on the last day (5th April) of the tax year Y-1, the person is an individual without a national insurance number.

CHAPTER 5

Exemptions based on claim to relief or chargeability to tax

Exemption under this Chapter

36. A digital obligation does not apply to a relevant person in relation to a digital obligation tax year ("the tax year Y") where—

(a) this Chapter applies to the person for the previous filing tax year in relation to the tax year Y, or

(b) the person gives a notice satisfying HMRC that the person reasonably expects this Chapter to apply to the person for any tax year after that previous filing tax year, up to and including the tax year Y.

Companies chargeable to income tax on profits of trade

37. This Chapter applies to a company for a tax year if the company is chargeable to tax under Part 2 of ITTOIA 2005 (trading income) for that tax year.

Persons entitled to certain reductions or allowances

38.—(1) This Chapter applies to a person for a tax year if the person is entitled to a relevant reduction or allowance for that tax year.

(2) The relevant reductions and allowances are—

(a) a tax reduction under section 45(1) (marriages before 5 December 2005) or 46(1) (marriages and civil partnerships on or after 5 December 2005) of ITA 2007(**16**);

(b) an allowance under section 38(1) (blind person's allowance)(**17**) or 39(2) (transfer of part of blind person's allowance to a spouse or civil partner) of ITA 2007.

CHAPTER 6

Temporary exemptions for the tax year 2026-27

Exemption for the tax year 2026-27 where this Chapter applies

39. A digital obligation does not apply to a relevant person in relation to the digital obligation tax year 2026-27 where—

(a) this Chapter applies to the person for the previous filing tax year in relation to the tax year 2026-27, or

(**16**) The definition of "ITA 2007" in section 118(1) of TMA 1970 was inserted by paragraph 263(b) of Schedule 1 to ITA 2007. Section 45(1) was amended by Group 1 of Part 10 of Schedule 1 to the Statute Law (Repeals) Act 2013 (c. 2) and S.I. 2020/1143. Section 46(1) was amended by Group 1 of Part 10 of Schedule 1 to the Statute Law (Repeals) Act 2013.

(**17**) Section 38(1) was amended by S.I. 2026/38; there are other amending instruments but none is relevant.

(b) the person gives a notice satisfying HMRC that the person reasonably expects this Chapter to apply to the person for any tax year after that previous filing tax year, up to and including the tax year 2026-27.

Trust, settlement or estate income

40.—(1) This Chapter applies to a person for a tax year for which the person is chargeable to income tax—

(a) in respect of income of, or a payment from, settled property(**18**) of which the person is a beneficiary;

(b) under section 619(1) of ITTOIA 2005 (settlements: amount treated as income of settlor or family)(**19**);

(c) under section 649(1) of ITTOIA 2005 (charge to tax on estate income).

(2) In paragraph (1)(a), "payment" includes a discretionary payment within the meaning of section 493(4) of ITA 2007 (discretionary payments by trustees).

Visiting performers

41. This Chapter applies to a person for a tax year for which section 13(1) of ITTOIA 2005 (visiting performers) applies to the person.

Providers of qualifying care

42. This Chapter applies to a person for a tax year for which the person qualifies for qualifying care relief within the meaning of section 804(1) of ITTOIA 2005 (person who qualifies for relief)(**20**).

Residence and foreign income and gains regime, etc

43.—(1) This Chapter applies to a person for a tax year for which the person meets a condition mentioned in paragraph (2).

(2) The conditions are that—

(a) the person is not resident in the United Kingdom for the tax year;

(b) the tax year is a split year for the person under Part 3 of Schedule 45 to the Finance Act 2013 (split year treatment);

(c) the person claims personal allowances for the tax year as a non-resident under double taxation arrangements within the meaning of Part 2 of TIOPA 2010 (double taxation relief)(**21**);

(d) the person is, for the tax year—

(i) resident in the United Kingdom, and

(ii) resident for tax purposes in a country or territory outside the United Kingdom;

(**18**) The definition of "settled property" given in section 466(2) of ITA 2007 applies, for the purposes of the Income Tax Acts, by section 466(1) of ITA 2007.

(**19**) Section 619(1) was amended by paragraph 4 of Schedule 10 to the Finance Act 2018, paragraph 2 of Schedule 12 to the Finance Act 2025 (c. 8) and S.I. 2005/3229.

(**20**) Section 804(1) was substituted by paragraph 3(2) of Schedule 1 to the Finance (No. 3) Act 2010 (c. 33).

(**21**) 2010 c. 8. The definition of "TIOPA 2010" in section 118(1) of TMA 1970 was inserted by paragraph 314 of Schedule 8 to the Taxation (International and Other Provisions) Act 2010 ("TIOPA 2010"). The definition of "double tax arrangements" in Part 2 of TIOPA 2010 is given in section 2(4).

(e) section 809VA of ITA 2007 (money or other property used to make investments)(**22**) applies to the person for the tax year, or has applied to the person for an earlier tax year but no longer applies;

(f) the person makes an election for the year under section 41M of ITEPA 2003 (foreign employment election for qualifying new residents)(**23**);

(g) the person makes a claim for relief for the tax year under—

(i) section 845A of ITTOIA 2005 (claim for relief for qualifying new residents)(**24**);

(ii) paragraph 1 of Schedule D1 to the 1992 Act (claim for relief for qualifying new residents)(**25**);

(h) the person makes a designation election, within the meaning of paragraph 1(6) of Schedule 10 to the Finance Act 2025 (temporary repatriation facility), for the tax year;

(i) section 809I of ITA 2007 (remittance basis charge: income and gains treated as remitted)(**26**) applies to the person for the tax year.

Averaging profits

44. This Chapter applies to a person for a tax year in relation to which the person makes an averaging claim under Chapter 16 of Part 2 of ITTOIA 2005 (averaging profits of farmers and creative artists)(**27**).

PART 8

Miscellaneous provisions

Further exemptions by direction

45.—(1) The Commissioners may by direction provide for further exemptions from digital obligations.

(2) The further exemptions referred to in paragraph (1) may, but need not, apply—

(a) in relation to specific digital obligation tax years;

(b) in relation to specific digital obligations;

(c) by reference to any matter, including—

(i) the amount of income of a relevant person;

(ii) the description of a relevant person;

(iii) the description of a relevant activity.

Verification of identity

46. In order to comply with a digital obligation, a relevant person must meet such conditions relating to the verification of identity as the Commissioners may specify by direction.

(**22**) Section 809VA was inserted by paragraph 7 of Schedule 12 to the Finance Act 2012 (c. 14).

(**23**) 2003 c. 1. The definition of "ITEPA 2003" in section 118(1) of TMA 1970 was inserted by paragraph 139 of Schedule 6 to the Income Tax (Earnings and Pensions) Act 2003. Section 41M was inserted by section 38(1) of the Finance Act 2025.

(**24**) Section 845A was inserted by section 37(1) of the Finance Act 2025.

(**25**) 1992 c. 12. The definition of "the 1992 Act" in section 118(1) of TMA 1970 was inserted by paragraph 2(11)(c) of Schedule 10 to the Taxation of Chargeable Gains Act 1992. Schedule D1 was inserted by section 39(2) of the Finance Act 2025.

(**26**) Section 809I was inserted by paragraph 1 of Schedule 7 to the Finance Act 2008 (c. 9) and amended by paragraph 20 of Schedule 12 to the Finance Act 2012.

(**27**) The meaning of "averaging claim" is given in section 221(1) of ITTOIA 2005.

Notices: form, method of giving, accompanying evidence and timing

47.—(1) A notice which may or must be given under any provision of these Regulations must be—

(a) in such form, and

(b) given by such method, including electronic communication,

as the Commissioners may specify by direction.

(2) A notice which may or must be given to HMRC under any provision of these Regulations must be—

(a) accompanied by such evidence, and

(b) where these Regulations do not make provision as to the timing of the notice, given at such time,

as the Commissioners may specify by direction.

(3) A direction made under this paragraph may make different provision for different cases.

Revocation

48. The following are revoked—

(a) the Income Tax (Digital Requirements) Regulations 2021(**28**);

(b) the Income Tax (Digital Requirements) (Amendment) Regulations 2024(**29**).

Myrtle Lloyd
Justin Holliday
Two of the Commissioners for His Majesty's Revenue and Customs

23rd March 2026

(**28**) S.I. 2021/1076, amended by S.I. 2024/167.
(**29**) S.I. 2024/167.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make provision requiring the use of software to deliver information relating to income tax to His Majesty's Revenue and Customs ("HMRC") and to keep related records.

Part 1 contains general provisions. Regulation 1 provides for citation and commencement. Regulation 2 is an interpretation provision.

Part 2 (regulation 3) defines the "functional compatible software" which must be used to comply with obligations under the Regulations.

Part 3 determines the period for which a relevant person must comply with digital obligations relating to a relevant activity. Regulation 4 introduces regulations 5, 6 and 7. Regulations 5 and 6 respectively define "digital start date" and "digital termination date", by reference to the person's carrying on and cessation of a relevant activity. Regulation 7 uses these concepts to determine the "digital obligation tax years" for which a person's digital obligations in relation to the relevant activity apply.

Part 4 requires a relevant person to use functional compatible software to give HMRC information relating to income tax for digital obligation tax years. Regulation 8 requires the person to use functional compatible software when delivering a tax return required under section 8 of the Taxes Management Act 1970. Regulation 9 requires the person to use functional compatible software to give HMRC quarterly updates relating to the relevant activity. Regulation 10 provides for the content of such updates. Regulation 11 allows a person to elect for quarterly periods to be defined instead by reference to calendar quarters. Regulation 12 defines the quarterly update periods and associated deadlines where no calendar quarters election has effect. Regulation 13 provides for the consequences of such an election. Regulation 14 makes provision for the date on which the final quarterly update period ends.

Part 5 (regulation 15) requires a relevant person to use functional compatible software to keep digital records.

Part 6 makes provision concerning amendments and corrections. Regulation 16 allows a relevant person to use functional compatible software when giving notice of an amendment of a return delivered using such software. Regulation 17 requires a person to correct digital records and quarterly updates upon becoming aware of errors or omissions.

Part 7 provides for various exemptions from digital obligations.

Chapter 1 makes provision concerning excluded persons. Regulation 18 provides for an exemption from digital obligations when an exclusion notice is in place. Regulation 19 makes provision for HMRC to give an exclusion notice to a person considered to be excluded. Regulation 20 defines "excluded".

Chapter 2 provides for exemptions by reference to the amount of qualifying income and the qualifying amount. Regulation 21 provides for an exemption where the Chapter applies. Regulation 22 provides the conditions for an income-based exemption for the tax year 2026-27. Regulations 23 and 24 provide for additional income-based exemptions for subsequent tax years. Regulation 25 defines "qualifying income", used in the application of regulations 22 to 24. Regulation 26 provides for the determination of qualifying income. Regulation 27 defines the "qualifying amount" for a tax year.

Chapter 3 provides for exemptions from digital obligations relating to descriptions of activity. Regulation 28 provides for three exemptions: relevant activities carried on by a trustee; the activity of a visiting performer; and the provision of qualifying care. Regulation 29 provides for exemptions for overseas activities in two cases involving non-residence.

Chapter 4 provides for exemptions from digital obligations for relevant persons having specified descriptions. The exemptions under Section 1 of the Chapter apply where the person had a specified description at any point in the previous filing tax year (regulation 30) or begins to have that description after the end of the previous filing tax year (regulation 31). Regulations 32 to 34 specify the descriptions of person to whom these exemptions apply: donors of powers of attorney and persons in respect of whom deputies, guardians or controllers have been appointed (regulation 32); ministers of religion (regulation 33); and Lloyd's underwriters (regulation 34). Section 2 of the Chapter (regulation 35) provides for a further exemption where an individual had no national insurance number on the last day (5th April) of the previous tax year.

Chapter 5 provides for exemptions based on a relevant person's chargeability to income tax or entitlement to certain reductions or allowances. Regulation 36 provides for an exemption where the Chapter applies. Regulation 37 provides for an exemption for companies chargeable to tax under Part 2 of ITTOIA 2005. Regulation 38 provides for an exemption for persons entitled to reductions for married couples or allowances for blind persons.

Chapter 6 provides for temporary exemptions for the tax year 2026-27. Regulation 39 provides for a temporary exemption where the Chapter applies. Regulation 40 provides for a temporary exemption for persons with income from trusts. Regulation 41 provides for a temporary exemption for visiting performers. Regulation 42 provides for a temporary exemption for providers of qualifying care. Regulation 43 provides for a temporary exemption for persons meeting certain conditions related to residence and the foreign income and gains regime. Regulation 44 provides for a temporary exemption for farmers and creative artists entitled to averaging of profits.

Part 8 contains miscellaneous provisions. Regulation 45 allows the Commissioners for HMRC to make provision for further exemptions. Regulation 46 allows the Commissioners for HMRC to make provision for identity verification conditions which must be satisfied by relevant persons in complying with digital obligations. Regulation 47 makes provision about notices. Regulation 48 revokes the Income Tax (Digital Requirements) Regulations 2021 (S.I. 2021/1076) and the Income Tax (Digital Requirements) (Amendment) Regulations 2024 (S.I. 2024/167). S.I. 2021/1076, as amended by S.I. 2024/167, imposed digital obligations in relation to income tax but did not come into force and is no longer required because of the provision made by this instrument.

A Tax Information and Impact Note covering this instrument was published on 22nd February 2024 alongside S.I. 2024/167. This has been updated as a result of changes to the impacts as a result of this instrument and is available on the website at https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins.