

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make provision under Schedule A1 of the Taxes Management Act 1970 (c. 9) (“TMA 1970”) for digital reporting and record keeping in relation to income tax.

Part 1 contains general provisions. Regulation 1 provides for citation and commencement. Regulation 2 is an interpretation provision. Regulation 3 defines “digital requirements” and “functional compatible software” and imposes a requirement on relevant persons to use functional compatible software to comply with the digital requirements. “Relevant person” is defined in regulation 2. Regulation 4 makes provision for a “digital start date” in relation to a business.

Part 2 makes provision in relation to digital records. Regulation 5 imposes a requirement on relevant persons to keep digital records for businesses for a period specified by reference to the business’ digital start date. Regulation 6 defines “digital records”.

Part 3 makes provision for quarterly updates. Regulation 7 imposes a requirement on relevant persons to provide update information in relation to a business to Her Majesty’s Revenue and Customs (“HMRC”) for periods of three months (“quarterly periods”), known as “quarterly updates”, and provides deadlines for doing so. Regulation 8 allows the Commissioners for HMRC (“the Commissioners”) to make an “update notice” specifying the information to be included in quarterly updates. Regulation 9 provides for the commencement and cessation of the requirement to provide quarterly updates, which are specified by reference to a business’ digital start date and cessation date. Regulation 10 makes provision for circumstances in which an update may be provided before the end of the quarterly period to which it relates.

Part 4 makes provision for end of period statements. “End of period statement” is defined in paragraph 8 of Schedule A1 to TMA 1970 (“Schedule A1”). Regulation 11 imposes a requirement on a relevant person to provide an end of period statement in relation to each relevant period. “Relevant period” is defined in paragraph 8(2) of Schedule A1. Regulation 12 allows the Commissioners to make an “end of period notice” specifying the information to be included in end of period statements. Regulation 13 sets out the information which may be specified. Regulation 14 provides for commencement and cessation of the requirements to provide end of period notices, which are specified by reference to a business’ digital start date and cessation date.

Part 5 makes provision in relation to the retail sales of retailers. Regulation 15 allows a “retailer”, which is defined in regulation 2, to elect in relation to each tax year to retain the digital records specified in a “retail sales notice” rather than the digital records specified in regulation 6. Regulation 16 allows the Commissioners to make a retail sales notice.

Part 6 makes provision in relation to corrections and omissions. Regulation 17 imposes an obligation to correct digital records where a relevant person discovers an error or omission in them, and to provide corrected information to HMRC in certain circumstances. Regulation 18 allows a relevant person to amend an end of period statement within a specified period. Regulation 19 allows HMRC to amend an end of period statement within a specified period so as to correct it, and requires HMRC to give notice to the relevant person where they do so.

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to The Income Tax (Digital Requirements) Regulations 2021. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) [View outstanding changes](#)

Part 7 makes provision for an exemption for the digitally excluded. “Digitally excluded” is defined in paragraph 14 of Schedule A1. Regulation 20 provides that the digital requirements do not apply to a person in respect of a tax year if the person gives notice to HMRC that they are digitally excluded and the Commissioners confirm they are satisfied that the person is digitally excluded.

Part 8 makes provision for other exemptions. Regulation 21 provides an exemption based on income for relevant persons to whom the digital requirements did not apply in respect of the previous tax year. Regulation 22 provides an exemption based on income for relevant persons to whom the digital requirements applied for the previous three tax years. Regulation 23 makes provision for elections under regulations 21 and 22. Regulation 24 provides that the digital requirements do not apply to companies chargeable to tax under Part 3 of the Income Tax (Trading and Other Income) Act 2005 (c. 5). Regulation 25 provides that the digital requirements do not apply to a person acting as a trustee. Regulation 26 provides that the digital requirements do not apply to a person for a tax year in which that person is not domiciled in the UK in respect of their “foreign businesses”. Regulation 26 also defines “foreign businesses”.

Part 9 (regulation 27) makes provision in relation to elections for Schedule A1 to apply under paragraph 2(2) of Schedule A1.

Part 10 (regulation 28) makes provision in relation to notices which may be made by a person under these Regulations.

A Tax Information and Impact Note covering this instrument will be published on the website at <https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins>.

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Changes and effects yet to be applied to :

- Pt. 4 omitted by [S.I. 2024/167 reg. 14](#)
- Pt. 5 omitted by [S.I. 2024/167 reg. 15](#)
- Pt. 9 omitted by [S.I. 2024/167 reg. 23](#)
- reg. 1 coming into force by [S.I. 2021/1076 reg. 1](#)
- reg. 1 word substituted by [S.I. 2024/167 reg. 3](#)
- reg. 2 coming into force by [S.I. 2021/1076 reg. 1](#)
- reg. 2 words omitted by [S.I. 2024/167 reg. 4\(a\)\(i\)](#)
- reg. 2 words omitted by [S.I. 2024/167 reg. 4\(a\)\(ii\)](#)
- reg. 2 words omitted by [S.I. 2024/167 reg. 4\(a\)\(iii\)](#)
- reg. 2 words omitted by [S.I. 2024/167 reg. 4\(a\)\(iv\)](#)
- reg. 2 words substituted by [S.I. 2024/167 reg. 4\(b\)](#)
- reg. 2 words substituted by [S.I. 2024/167 reg. 4\(c\)](#)
- reg. 3 coming into force by [S.I. 2021/1076 reg. 1](#)
- reg. 3(1)(d) omitted by [S.I. 2024/167 reg. 5\(a\)\(i\)](#)
- reg. 3(2) words omitted by [S.I. 2024/167 reg. 5\(b\)](#)
- reg. 3(3)(b) words omitted by [S.I. 2024/167 reg. 5\(c\)](#)
- reg. 4 coming into force by [S.I. 2021/1076 reg. 1](#)
- reg. 4(1) word substituted by [S.I. 2024/167 reg. 6\(a\)\(i\)](#)
- reg. 4(1) word substituted by [S.I. 2024/167 reg. 6\(a\)\(ii\)](#)
- reg. 4(2) words substituted by [S.I. 2024/167 reg. 6\(b\)\(i\)](#)
- reg. 4(2)(a) word substituted by [S.I. 2024/167 reg. 6\(b\)\(ii\)](#)
- reg. 4(3) omitted by [S.I. 2024/167 reg. 6\(c\)](#)
- reg. 4(4) omitted by [S.I. 2024/167 reg. 6\(c\)](#)
- reg. 5 coming into force by [S.I. 2021/1076 reg. 1](#)
- reg. 5(2)(a) words substituted by [S.I. 2024/167 reg. 7](#)
- reg. 5(2)(b) words substituted by [S.I. 2024/167 reg. 7](#)
- reg. 6 coming into force by [S.I. 2021/1076 reg. 1](#)
- reg. 6(1) words substituted by [S.I. 2024/167 reg. 8\(a\)](#)
- reg. 6(2) omitted by [S.I. 2024/167 reg. 8\(b\)](#)
- reg. 6(3) words substituted by [S.I. 2024/167 reg. 8\(c\)](#)
- reg. 7 coming into force by [S.I. 2021/1076 reg. 1](#)
- reg. 7(1) words substituted by [S.I. 2024/167 reg. 9\(a\)](#)
- reg. 7(3) words inserted by [S.I. 2024/167 reg. 9\(b\)\(i\)](#)
- reg. 7(3) words substituted by [S.I. 2024/167 reg. 9\(b\)\(ii\)](#)
- reg. 7(3) Table words substituted by [S.I. 2024/167 reg. 9\(b\)\(iii\)](#)
- reg. 7(3) Table words substituted by [S.I. 2024/167 reg. 9\(b\)\(iv\)](#)
- reg. 7(5) Table word substituted by [S.I. 2024/167 reg. 9\(c\)\(ii\)](#)
- reg. 7(5) words substituted by [S.I. 2024/167 reg. 9\(c\)\(i\)](#)
- reg. 7(5) Table words substituted by [S.I. 2024/167 reg. 9\(c\)\(i\)](#)
- reg. 7(8) words inserted by [S.I. 2024/167 reg. 9\(d\)\(i\)](#)
- reg. 7(8) words substituted by [S.I. 2024/167 reg. 9\(d\)\(ii\)](#)
- reg. 7(8) Table words substituted by [S.I. 2024/167 reg. 9\(d\)\(iii\)](#)
- reg. 7(8) Table words substituted by [S.I. 2024/167 reg. 9\(d\)\(iv\)](#)
- reg. 7(9) words substituted by [S.I. 2024/167 reg. 9\(e\)](#)
- reg. 7(10) words substituted by [S.I. 2024/167 reg. 9\(f\)](#)
- reg. 7(11) words substituted by [S.I. 2024/167 reg. 9\(g\)](#)
- reg. 7(13)(a) words substituted by [S.I. 2024/167 reg. 9\(h\)](#)
- reg. 8 coming into force by [S.I. 2021/1076 reg. 1](#)
- reg. 8(2) omitted by [S.I. 2024/167 reg. 10\(a\)](#)
- reg. 8(3) words substituted by [S.I. 2024/167 reg. 10\(b\)](#)

- reg. 9 coming into force by S.I. 2021/1076 reg. 1
- reg. 9(1) words substituted by S.I. 2024/167 reg. 11(a)
- reg. 9(2) words inserted by S.I. 2024/167 reg. 11(c)(ii)
- reg. 9(2) words substituted by S.I. 2024/167 reg. 11(c)(i)
- reg. 9(3) words substituted by S.I. 2024/167 reg. 11(d)
- reg. 10 coming into force by S.I. 2021/1076 reg. 1
- reg. 10 heading words substituted by S.I. 2024/167 reg. 12
- reg. 10 words substituted by S.I. 2024/167 reg. 13
- reg. 11 coming into force by S.I. 2021/1076 reg. 1
- reg. 12 coming into force by S.I. 2021/1076 reg. 1
- reg. 13 coming into force by S.I. 2021/1076 reg. 1
- reg. 14 coming into force by S.I. 2021/1076 reg. 1
- reg. 15 coming into force by S.I. 2021/1076 reg. 1
- reg. 16 coming into force by S.I. 2021/1076 reg. 1
- reg. 17 coming into force by S.I. 2021/1076 reg. 1
- reg. 17(2)(b) words substituted by S.I. 2024/167 reg. 16(a)
- reg. 17(3) words omitted by S.I. 2024/167 reg. 16(b)
- reg. 18 coming into force by S.I. 2021/1076 reg. 1
- reg. 18 omitted by S.I. 2024/167 reg. 17
- reg. 19 coming into force by S.I. 2021/1076 reg. 1
- reg. 19 omitted by S.I. 2024/167 reg. 18
- reg. 20 coming into force by S.I. 2021/1076 reg. 1
- reg. 21 coming into force by S.I. 2021/1076 reg. 1
- reg. 21(2) omitted by S.I. 2024/167 reg. 19(a)
- reg. 21(3) substituted by S.I. 2024/167 reg. 19(b)
- reg. 21(5) words omitted by S.I. 2024/167 reg. 19(c)
- reg. 22 coming into force by S.I. 2021/1076 reg. 1
- reg. 22(2) omitted by S.I. 2024/167 reg. 20(a)
- reg. 22(3)(b) sum substituted by S.I. 2024/167 reg. 20(b)
- reg. 23 coming into force by S.I. 2021/1076 reg. 1
- reg. 23 omitted by S.I. 2024/167 reg. 21
- reg. 24 coming into force by S.I. 2021/1076 reg. 1
- reg. 25 coming into force by S.I. 2021/1076 reg. 1
- reg. 26 coming into force by S.I. 2021/1076 reg. 1
- reg. 27 coming into force by S.I. 2021/1076 reg. 1
- reg. 28 coming into force by S.I. 2021/1076 reg. 1

Changes and effects yet to be applied to the whole Instrument associated Parts and Chapters:

Whole provisions yet to be inserted into this Instrument (including any effects on those provisions):

- reg. 3(1)(e) inserted by S.I. 2024/167 reg. 5(a)(ii)
- reg. 4(5) inserted by S.I. 2024/167 reg. 6(d)
- reg. 9(1A) inserted by S.I. 2024/167 reg. 11(b)
- reg. 21(5A)-(5C) inserted by S.I. 2024/167 reg. 19(d)
- reg. 21(8) inserted by S.I. 2024/167 reg. 19(e)
- reg. 26A26B inserted by S.I. 2024/167 reg. 22
- reg. 28(d)-(f) omitted by S.I. 2024/167 reg. 24(b)
- reg. 28(i)(j) omitted by S.I. 2024/167 reg. 24(b)
- reg. 28(za)(zb) inserted by S.I. 2024/167 reg. 24(a)