UK MTD for Income Tax

User Guide · Odoo 18 / 19

Tax & Compliance

Technical module name: gb_uk_mtd_income_tax_bridge
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1. Overview

From April 2026 Making Tax Digital for Income Tax Self Assessment (MTD ITSA) becomes mandatory for many sole traders and landlords, who must keep digital records and send quarterly updates of their self-employment and property income to HMRC. This module turns Odoo Accounting into a compliant bridge for those quarterly digital submissions.

It connects to HMRC using your own OAuth application (Bring-Your-Own-Key). The module builds the authorisation URL, exchanges and refreshes the access token, generates the quarterly obligation periods, gathers income and expense transactions for each period and submits them. HMRC "recognition" is a listing, not a vendor accreditation — you remain the registered taxpayer using your own credentials.

Who is it for?

- Sole traders and landlords inside MTD ITSA scope
- Bookkeepers and accountants filing quarterly updates for clients
- Odoo Community users who want digital record keeping without Enterprise add-ons

UK context

Built around the HMRC MTD ITSA programme: quarterly period updates, the End of Period Statement (EOPS) and the Final Declaration (crystallisation) for each income source.

2. Installation

The module is delivered as a standard Odoo application and installs cleanly on both Odoo 18 and Odoo 19 Community or Enterprise.

Step	Action
1	Enable developer/apps — Log in as an administrator and open the Apps menu.
2	Update the app list — Click Update Apps List so Odoo picks up newly added modules.
3	Search — Search for "UK MTD for Income Tax" (technical name gb_uk_mtd_income_tax_bridge).
4	Install — Press Install. Required dependencies (account) are installed automatically.

After installation a new top-level menu, MTD ITSA, appears in the main menu bar.

3. Configuration

Open MTD ITSA ▸ Configuration. There are two configuration areas: the HMRC OAuth connection and your income sources / expense categories.

Create an HMRC Connection with your client ID, client secret and redirect URI. Choose the environment — Sandbox (Test) while you verify the flow, then Production. Use Build Auth URL, sign in at HMRC, then Exchange Code; the connection state moves from Not Connected → Connected. Refresh Token renews an expired token.

Key configuration records

Field	Description
HMRC Connection	OAuth client credentials, environment (sandbox/production) and the live token state (Not Connected, Connected, Token Expired).
Income Source (Business)	A self-employment or property income source mapped to the relevant accounts; generates its quarterly periods.
Expense Category	HMRC expense headings used to classify each transaction for the period update.

4. Step-by-step Walkthrough

A typical quarter follows a draft → ready → submitted → fulfilled lifecycle:

Step	Action
1	Connect to HMRC — Authorise the OAuth connection (Sandbox first, then Production).
2	Create an income source — Define the self-employment or property business and its accounts.
3	Generate quarterly periods — Use Generate Periods to create the four obligation quarters (Q1–Q4).
4	Review transactions — Income/expense transactions are gathered per period and classified by category.
5	Mark ready — When figures are checked, press Mark Ready on the period.
6	Submit to HMRC — Open the submit wizard and send the Quarterly Period Update.
7	EOPS & Final Declaration — At year end create the End of Period Statement and the Final Declaration (crystallisation).
8	Fulfil — When HMRC accepts the obligation, the period is marked Fulfilled.

Status flow

Records move through the following statuses:

- Period: Open → Ready to Submit → Submitted → Fulfilled
- Submission: Draft → Sent → Accepted / Rejected
- Submission types: Quarterly Period Update, End of Period Statement, Final Declaration (Crystallisation)

5. Feature Reference

HMRC OAuth connection

Bring-your-own-key OAuth with build-auth-URL, code exchange and token refresh, and a clear Not Connected / Connected / Expired state.

Obligation periods

Automatic generation of the four quarterly periods (Q1–Q4) per income source, each with its own Open → Ready → Submitted → Fulfilled state.

Income & expense transactions

Period figures are built from classified income/expense transactions mapped to HMRC expense categories.

Submissions register

Every Quarterly Update, EOPS and Final Declaration is logged with its HMRC response (Sent, Accepted, Rejected) so you keep a digital audit trail.

Sandbox & production

Switch the same connection between HMRC Sandbox and Production for safe testing before going live.

6. Tips, Troubleshooting & FAQ

Q: Does this file my tax return for me?
A: No. You submit using your own HMRC OAuth credentials as the registered taxpayer; the module formats and transmits the data, it is not a filing agent.

Q: Do I need an HMRC developer account?
A: Yes — you supply your own client ID/secret. The connection record stores them and handles the token lifecycle.

Q: Can I test before going live?
A: Yes. Set the connection environment to Sandbox (Test), confirm the full flow, then switch to Production.

Q: What if my token expires?
A: The connection shows the Token Expired state; press Refresh Token to renew it without re-authorising from scratch.

Q: Which Odoo edition is required?
A: Community or Enterprise; the module depends only on the standard Accounting (account) app.

Q: How are the four quarters created?
A: Generate Periods on the income source creates Q1–Q4 obligation periods automatically for the tax year.

7. Support

We are glad to help you get the most out of UK MTD for Income Tax.

- Email: support@pokutsoft.com
- Apps & documentation: https://pokutsoft.com
- Please include your Odoo version (18 or 19) and the module version (18.0.1.0.0) when contacting support.

This module performs format generation and in-Odoo bookkeeping only. Where a third party (HMRC, a pension provider, a payroll bureau, a bank) is involved, the customer uses their own credentials/account to file or transmit. No filing is done on your behalf.