



From April 2026, HMRC is introducing **Making Tax Digital (MTD) for Income Tax**, which will fundamentally change how self-employed individuals and landlords report their income.

In the first year of introduction, you will be required to report your income using MTD from April 2026 if your **total gross income from self-employment and/or property exceeds £50,000** in the tax year ending 5th April 2025.

If you don't believe this to be the case, please reach out to one of the partners so that we can arrange to apply to HMRC for an exemption on your behalf.

What is changing?

Under MTD, you will no longer submit just one Self-Assessment tax return per year.

Instead, you will be required to:

- Keep digital records of income and expenses
- Submit **quarterly updates** to HMRC
- Submit a final year-end declaration
- Submit a personal tax return in the usual way

There will be:

- 4 quarterly submissions per year
- 1 final declaration at year end (your personal tax return), which will replace the traditional self assessment return

The first quarterly submission deadline will be **7 August 2026**.

Important points to be aware of

- There are **no quarterly tax payments** – payment deadlines remain unchanged, including any payments on account due
- A new **points-based penalty system** will apply (4 missed submissions = £200 fine)
- Interest will apply on late payments in the usual way
- You will remain within MTD for at least **3 years**, even if your income later falls below the threshold
- HMRC will pre-populate some information (e.g. employment and bank interest data where available)

No penalty points will be issued in the first year, but submissions will still be required.

What you will need to do

To comply with MTD, you must:

- Keep digital accounting records
- Use HMRC-compatible software
- Authorise us to register you for MTD

Paper records and spreadsheets alone will no longer be sufficient unless they are linked to approved bridging software.

What we will do

We will:

- Register you for MTD (with your authorisation)
- Ensure your software is compliant
- Prepare and submit your quarterly updates (where engaged to do so)
- Complete your final declaration
- Monitor deadlines and keep you compliant

Software considerations

If you are already using accounting software (e.g. Xero, QuickBooks, FreeAgent etc.), we will review whether it is MTD compatible.

If you currently provide us with spreadsheets or manual records, we will need to discuss:

- Moving to cloud accounting software, or
- Using MTD-compatible bridging software

We will contact you separately to discuss the most suitable option.

What we need from you now

Please:

- Confirm you wish to authorise us to register you for MTD
- Confirm if you have an MTD compliant software preference
- Prepare your bookkeeping records electronically to share with us

If in doubt, please feel free to schedule a short call to discuss the transition process.

This is the most significant change to income tax reporting in many years. While the system will require more frequent submissions, we will manage the process and guide you through each step.

If you would like to discuss how this affects you personally, please contact us.

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