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ZMARTLY FACTSHEET SERIES

SOLE TRADERS AND LANDLORDS

Are You Ready for Making Tax Digital for Income Tax?

Making Tax Digital for Income Tax is mandatory and rolling out now, and many sole traders and landlords are in scope without realising. This readiness guide shows who is caught, when, and exactly how to get ready before your start date.

Tax year **2026/27** · Prepared by **Harvey Dhillon** · Last reviewed **21 August 2026** · Sources: gov.uk

MTD QUALIFYING INCOME	VAT THRESHOLD	PROPERTY ALLOWANCE	TRADING ALLOWANCE
£50,000 (2024/25)	**£90,000**	**£1,000**	**£1,000**

01 The answer, first

Making Tax Digital for Income Tax (MTD for ITSA) is mandatory and rolling out now. If your combined self-employment and property income is over the threshold, you must keep digital records and send HMRC quarterly updates through compatible software, instead of one annual return.

GOOD TO KNOW

There is no letter telling you the day MTD starts for you. It is your responsibility to check whether you are caught and to sign up in time.

02 The thresholds and the dates

MTD for Income Tax is phased in over three years, starting with higher earners and reaching lower incomes each April. You are mandated from the April your qualifying income first passes the threshold for that stage, and once you are in you stay in.

- From 6 April 2026: qualifying income over £50,000
- From 6 April 2027: qualifying income over £30,000
- From 6 April 2028: qualifying income over £20,000
- Each stage carries the same quarterly updates, just at a lower income

03 The trap most people miss

Qualifying income is your gross combined trade and property income, the turnover before expenses, not your profit. And it is your already-filed prior-year tax return that decides whether you are caught, so many people are in scope without realising it.

- Gross turnover and gross rents, before any expenses are deducted
- Self-employment and property income are added together for the test
- Tested on an earlier year you have already filed, so you can know today
- A high-turnover, thin-margin trader can be caught on a modest profit

04 What actually changes

You move from one annual return to four quarterly updates plus a year-end final declaration, all through MTD-compatible or bridging software. Quarterly updates are running estimates in-year; the final declaration is where reliefs and adjustments are applied and your tax is settled.

- Quarterly update deadlines: 7 August, 7 November, 7 February and 7 May
- Each deadline is one month after the quarterly period ends
- A final declaration replaces the old once-a-year return
- You need MTD-compatible software, or bridging software for spreadsheets

05 A simple "will this catch me?" check

Open your most recent tax return and read off your gross self-employment turnover and your gross rental income, the top-line figures before expenses. Add them together for your qualifying income, then compare it to the threshold for the relevant date.

GOOD TO KNOW

Gross trade income plus gross property income, added together, against £50,000, £30,000 or £20,000 for the relevant April. That single sum tells you whether you are in and from when.

06 How we help

We check whether you are caught and when, set up the right MTD-compatible or bridging software around how you work, file the quarterly updates and final declaration, and keep you compliant so the switch is a non-event rather than a deadline crisis.

GOOD TO KNOW

The traders who suffer least are those already keeping clean digital records before their start date. Book a free MTD readiness check and we will tell you exactly where you stand.

Common questions

How do I know if Making Tax Digital for Income Tax applies to me?

Add together your gross self-employment turnover and your gross rental income (the figures before expenses) from your most recent tax return, and compare the total to the threshold for the relevant year: over £50,000 brings you in from April 2026, over £30,000 from April 2027 and over £20,000 from April 2028.

Is qualifying income my profit or my turnover?

It is your gross income, meaning turnover and gross rents before you deduct any expenses. This catches more people than expected, because a business with high turnover and thin margins, or a landlord with high rent and a large mortgage, can be over the threshold while making only a modest profit.

When do I have to send the quarterly updates?

There are four standard quarterly updates a year, due by 7 August, 7 November, 7 February and 7 May, each one month after the quarterly period ends. After the tax year you also submit a final declaration, which replaces the old annual return and is where your reliefs and adjustments are applied.

Do I need special software?

Yes. You must keep digital records and file through MTD-compatible software. If you prefer spreadsheets, you can keep them only where bridging software links them to HMRC. A paper cashbook or a plain spreadsheet on its own no longer meets the rules. We set this up for you as part of a readiness check.

KEEPABLE WORKBOOK

Print this part and work through it

Everything below is built to keep. Print it, fill it in, and take it to any conversation, including ours.

Your MTD readiness checklist

Work through this well before your start date so the switch to digital records and quarterly updates is calm rather than last-minute.

- [ ] Read your gross self-employment turnover off your latest tax return
- [ ] Read your gross rental income off your latest tax return
- [ ] Add them together for your qualifying income (gross, not profit)
- [ ] Compare the total to £50,000, £30,000 or £20,000 for the relevant April
- [ ] Note your start date: the April your income first passes the threshold
- [ ] Open a separate business bank account if you have not already
- [ ] Start recording income and expenses digitally from now
- [ ] Keep digital copies of receipts and invoices, and per-let property records
- [ ] Choose MTD-compatible software from HMRC's approved list, or add bridging software for spreadsheets
- [ ] If you use a bookkeeper, match their software before you start
- [ ] Diary the four update deadlines: 7 August, 7 November, 7 February and 7 May
- [ ] Diary the final declaration after the tax year ends
- [ ] Sign up, or have your accountant sign you up, before day one of your first MTD tax year
- [ ] Keep records for at least 5 years after the filing deadline

Thresholds, dates and quarterly deadlines verified against GOV.UK guidance on Making Tax Digital for Income Tax. Rules and dates can change; confirm your position with a qualified accountant.

NEXT STEP

Get expert eyes on your tax

Book a free 30-minute Tax Health Check — we review your situation, sense-check the figures and show you where you could save.

Scan to book a free call

For guidance only — this factsheet does not constitute professional advice and is not a substitute for advice based on your specific circumstances. Whilst every care has been taken in its preparation, it may contain errors for which we cannot be responsible. Figures are for the 2026/27 UK tax year (England, Wales & Northern Ireland) and may change. Scottish taxpayers face different income tax rates; dividend rates are UK-wide. Last reviewed 21 August 2026.

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