

— SOLE TRADERS AND LANDLORDS · MTD

# Are You Ready for Making Tax **Digital**?

The biggest change to Self Assessment in a generation is rolling out now, and many sole traders and landlords are in scope without realising. This guide shows who is caught, when, and exactly how to get ready.

MANDATORY FROM

**Apr<sub>26</sub>**

FIRST THRESHOLD

**£50<sub>k</sub>**

UPDATES A YEAR

**4<sub>+1</sub>**

• [START HERE](#)

# The short version, and the dates that decide it

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. The figures below are current GOV.UK guidance.

## At a glance, the numbers that decide if you are caught

<p>FROM APRIL 2026</p> <p><b>£50k</b></p> <p>Qualifying income over this</p>	<p>FROM APRIL 2027</p> <p><b>£30k</b></p> <p>Threshold lowers</p>	<p>FROM APRIL 2028</p> <p><b>£20k</b></p> <p>Threshold lowers again</p>	<p>QUARTERLY UPDATES</p> <p><b>4+1</b></p> <p>Plus a final declaration</p>
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**NOBODY IS GOING TO CHASE YOU**  
There is no letter that tells you the day MTD starts for you. It is your responsibility to check whether you are caught and to sign up in time. The test is decided by a tax return you have **already filed**, so for many people the deadline is closer than it feels.

**🕒 What you'll need** ABOUT 10 MINUTES

- 🕒 **Your last filed tax return**, to read off your gross income figures
- 🕒 **Gross self-employment turnover** and **gross rental income** for the year
- 🕒 **A note of any bookkeeping** you already do, software, spreadsheet or paper

01 WHEN IT REACHES YOU

# The thresholds and the dates

MTD for Income Tax is being phased in over three years, starting with higher earners and reaching lower incomes each April. Find the row that matches your income and you have your start date.

You are mandated into MTD for Income Tax from the April your qualifying income first passes the threshold for that stage. Once you are in, you stay in, even if your income later dips below the figure.

MANDATORY FROM	IF YOUR QUALIFYING INCOME IS OVER	TESTED ON THE RETURN FOR
6 April 2026	More than <b>£50,000</b>	<b>2024 to 2025</b>
6 April 2027	More than <b>£30,000</b>	<b>2025 to 2026</b>
6 April 2028	More than <b>£20,000</b>	<b>2026 to 2027</b>

Source: GOV.UK, Check when to sign up for Making Tax Digital for Income Tax. The threshold is tested on the qualifying income reported in an earlier year's tax return, shown in the final column.



**BELOW THE THRESHOLD FOR NOW**

If your qualifying income is under the relevant figure you are not mandated yet, although you can choose to join voluntarily. Keep an eye on it each year, because a good trading year or a new rental can push you over the line for a future April.



**IT IS THE SAME MANDATE, JUST LOWER EACH YEAR**

The rules do not change as the threshold drops; only the income level that brings you in changes. So if £30,000 catches you in April 2027, you face exactly the same quarterly updates and digital records that a £60,000 trader does from April 2026.



**THIS IS NOT THE SAME AS MTD FOR VAT**

MTD for VAT has applied to VAT-registered businesses for years and is a separate regime with its own £90,000 registration test. Being signed up for MTD for VAT does **not** sign you up for MTD for Income Tax; they are tracked and filed separately.

02 WHY YOU MAY BE CAUGHT

# The trap most people miss

Two details catch people out: qualifying income is gross, not profit, and it is your already-filed prior-year return that decides whether you are in. Together they pull far more people into scope than expect it.

 **It is gross income, not profit**

Qualifying income is your **total turnover**, the income before you take off any expenses. A landlord with high rent and a big mortgage, or a trader on thin margins, can be well over the threshold on gross income while making a modest profit.

 **You add the sources together**

Self-employment and property income are **combined** for the test. Neither one alone needs to reach the threshold. A side trade plus a single rental can tip you over when each looked too small to matter on its own.

 **Worked example · over the line without realising it**

Gross rental income for the year	<b>£25,000</b>
Gross self-employment turnover	<b>£27,000</b>
Combined qualifying income (gross, added together)	<b>£52,000</b>
April 2026 threshold	<b>£50,000</b>

**Caught from April 2026, on gross income alone**

**Over by £2,000**

 **THE DEADLINE IS SET BY A RETURN YOU HAVE ALREADY FILED**

Because the test looks at an **earlier** year’s tax return, you can already know today whether April 2026 catches you. There is no grace period to start bookkeeping once the year begins; you need compatible records in place from **day one** of your first MTD tax year.

 **CHECK IT IN FIVE MINUTES**

Open your most recent tax return, read off the **gross** turnover and gross rents (the top-line figures, before expenses), add them together, and compare to the threshold on the previous page. That single sum tells you whether you are in and from when.

03 THE NEW ROUTINE

# What actually changes

You move from one annual return to four quarterly updates plus a year-end final declaration, all through MTD-compatible software. The underlying tax is unchanged; the way you record and report it is not.

QUARTERLY PERIOD	COVERS	SEND YOUR UPDATE BY
Quarter 1	6 April to 5 July	7 August
Quarter 2	6 April to 5 October	7 November
Quarter 3	6 April to 5 January	7 February
Quarter 4	6 April to 5 April	7 May
Then a final declaration	<b>Confirms the full year, with reliefs and adjustments</b>	<b>by 31 January</b>

Source: GOV.UK, Use Making Tax Digital for Income Tax (send quarterly updates). Standard quarterly updates are cumulative running totals from 6 April; the deadline is always one month after the period ends.

## Quarterly updates

Four times a year you send a running summary of income and expenses straight from your software. They are **estimates in-year**, not your final tax bill, so a small error now is corrected later.

## The final declaration

After the tax year ends you submit a final declaration, the point at which reliefs, allowances and adjustments are applied and your tax is settled. This replaces the old once-a-year return.



### YOU WILL NEED COMPATIBLE SOFTWARE

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 will no longer meet the rules.



### MORE DEADLINES, SO BUILD THE HABIT EARLY

Four updates plus a final declaration means five touchpoints a year rather than one. The traders who cope best are those who record income and costs as they go, so each quarterly update is a quick check rather than a scramble.

04 TICK IT OFF

# Your MTD readiness checklist

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

 **Work out if you are caught**

- Read your **gross self-employment turnover** off your latest return
- Read your **gross rental income** off your latest return
- Add them together** for your qualifying income, gross not profit KEY STEP
- Compare to **£50k / £30k / £20k** for the relevant April KEY STEP
- Note your **start date**: the April your income first passes the threshold

 **Get your records ready**

- Open a **separate business bank account** if you have not already
- Start recording **income and expenses digitally** from now HIGH VALUE
- Sort and keep **digital copies of receipts** and invoices
- For property, keep **rent and cost records** per let separately

 **Choose your software**

- Pick **MTD-compatible software** from HMRC's approved list HIGH VALUE
- Or add **bridging software** if you want to keep spreadsheets
- Look for **bank feeds** and a simple way to log costs on the go
- If you use a bookkeeper, **match their software** before you start

 **Plan the new routine**

- Diary the four updates: **7 Aug, 7 Nov, 7 Feb, 7 May** DEADLINES
- Diary the **final declaration** after the tax year ends
- Sign up (or have your accountant sign you up) **before** day one
- Keep records for at least **5 years** after the filing deadline
- If unsure you are caught, get a **quick readiness check** EASY WIN



**THE EARLIER YOU START, THE SMALLER THE CHANGE**

Begin keeping digital records before your start date and MTD becomes a non-event rather than a deadline crisis. Most of the pain people report comes from leaving the switch to the last minute.



— FREE MTD READINESS CHECK

# Find out if MTD catches you, in minutes

Book a free, no-obligation review and a CIMA-qualified accountant will check whether you are caught, when your start date is, and set you up with the right software so quarterly updates are handled for you.

- ✓ A clear yes or no on whether MTD for Income Tax applies to you, and from when
- ✓ The right MTD-compatible or bridging software, set up around how you work
- ✓ We file the quarterly updates and final declaration, keeping you compliant

**HD** Reviewed by **Harvey Dhillon**, ACMA CGMA

 Reviewed by a **CIMA-qualified** accountant (ACMA, CGMA)

★★★★★ 4.9 on Google · 56 reviews



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**About this guide.** Reviewed by Harvey Dhillon, ACMA CGMA. Thresholds, dates and quarterly deadlines verified against GOV.UK guidance on Making Tax Digital for Income Tax. This guide is general information, not advice for your specific circumstances; rules and dates can change. Always confirm your position with a qualified accountant before acting. © Zmartly 2026.