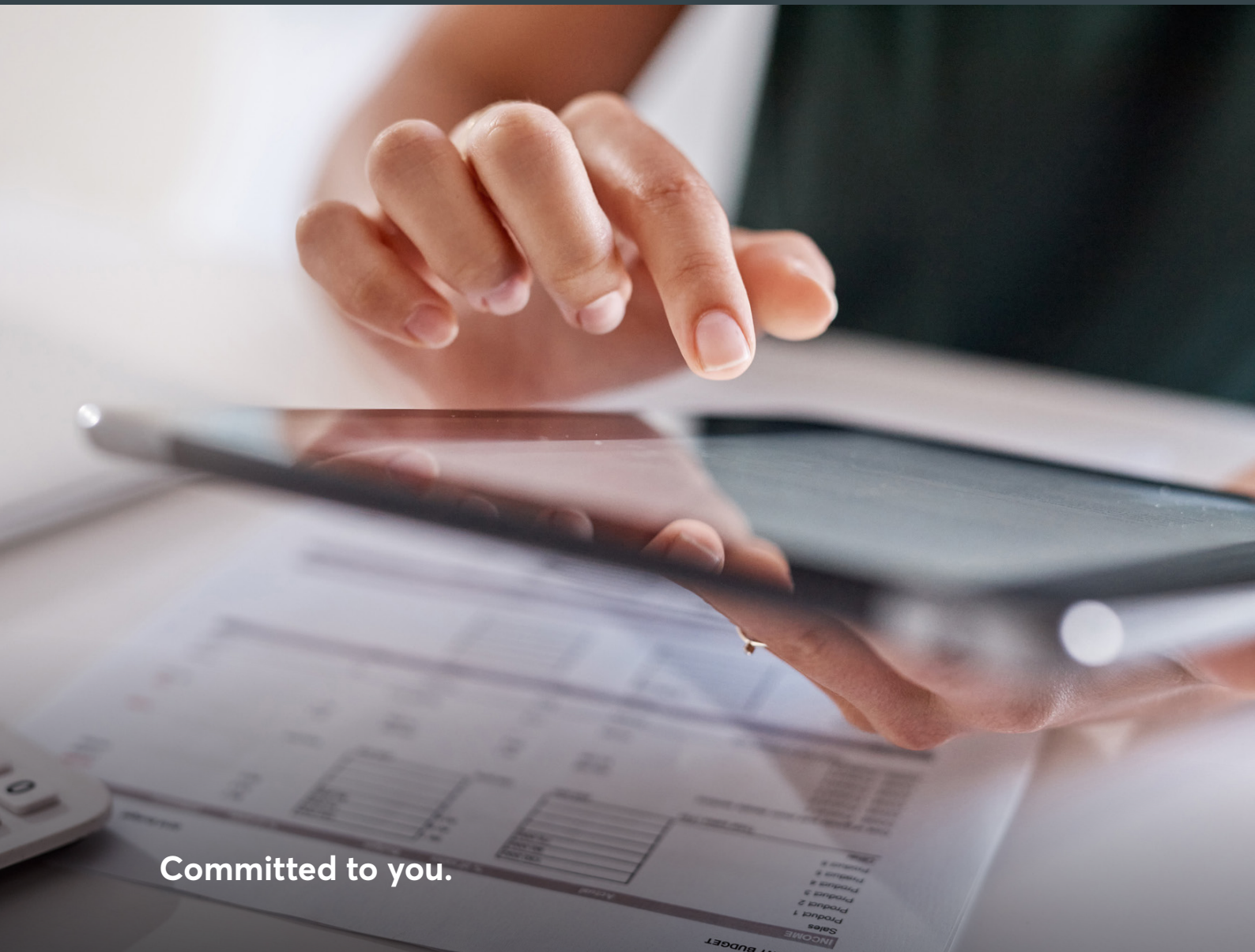


Making Tax Digital for Income Tax

Change is coming for many taxpayers as HMRC roll out the next phases of Making Tax Digital for Income Tax (MTDfIT).



Committed to you.

Overview of the rules

Starting from April 2026, individuals with a combined turnover from self-employment and property income exceeding £50,000 gross will be required to comply with HMRC's Making Tax Digital (MTD) requirements.

This will necessitate the use of commercial software compatible with MTD for Income Tax to maintain self-employment and property records. Quarterly updates (summaries of the digital records) must be submitted to HMRC (unless you are exempt).

The requirement to comply from 6 April 2026 is based on your turnover for the tax year ending 5 April 2025, with the test applied annually thereafter for registration in subsequent years.

These rules will extend to those with income from self-employment and property income exceeding £30,000 from April 2027, and the threshold will further reduce to £20,000 from April 2028.

Qualifying income

Qualifying income is based on the combined turnover from self employment and property before you deduct expenses.

If your combined turnover breaches any of the thresholds, then you will be legally required to join MTD on the dates stated.



Benefits of embracing digitalisation



Enhanced accuracy

Digital record-keeping reduces errors and ensures more accurate tax reporting.



Time efficiency

Automated processes save time on manual data entry.



Real-time updates

Quarterly updates provide a clearer picture of your tax obligations throughout the year.



Compliance

Ensures compliance with HMRC's requirements, avoiding potential penalties.

How to prepare

1

Choose compatible software

Select commercial software that works with MTD for Income Tax.

2

Digital record-keeping

Start maintaining your self-employment and/or property records digitally.

3

Quarterly updates

Prepare to submit quarterly updates to HMRC. Quarterly updates will involve simple summaries of income and expenses, generated from the software using digital records.

4

Final declaration

Complete and submit your tax return. You will have to use MTD software to make this submission. You can no longer file through HMRC's online filing service if you are in MTD for Income Tax.

What if I don't make a submission?

Under Making Tax Digital (MTD), you must file your returns using compatible software and keep digital records. Failing to meet any of these requirements may result in penalties under a points-based system.

You'll receive penalty points for late submissions. Once you reach a set number of points, you could be charged a penalty.



How can we help?

Our experienced team can offer comprehensive support to help you transition to MTD for Income Tax. Our services include:



Software recommendations: Guidance on selecting the right software for your needs.



Training and support: Training sessions to help you understand and implement MTD for Income Tax requirements.



Registration service: Assistance with the registering process for MTD for Income Tax.



Ongoing assistance: Support to help you complete your quarterly submissions and final declaration.



Find out more here.

Committed to you.



@larkinggowen

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