

# MTD for Income Tax

### What is MTD for IT?

Making Tax Digital for Income Tax (MTD for IT) brings a major change to how individuals and landlords report their income to HMRC. Rather than filing a single self-assessment tax return each year, affected taxpayers will be required to keep digital records and send quarterly updates to HMRC via compatible software, in addition to an end of year tax return.

### Who is affected?

MTD for IT will apply to:

- individuals in receipt of rental income; and/or
- self-employed individuals with trading income

that have gross combined income over a defined threshold. The relevant thresholds and commencement dates are as follows:

Start date	Qualifying combined gross income threshold
6 April 2026	Over £50,000 (based on 2024/25 tax year income)
6 April 2027	Over £30,000 (based on 2025/26 tax year income)
6 April 2028	Over £20,000 (based on 2026/27 tax year income)
6 April 2029	Not yet confirmed

### What are my obligations?

From your relevant start date, as detailed in the table above, you will need to:

- Keep digital records for each relevant business you carry on; and
- Use MTD for IT compatible software to record and submit quarterly updates and complete the end of year tax return.

### What is a digital record?

Digital records must be maintained from the relevant start date until that business ceases. Even if your income drops below the threshold in a later tax year you will, in most cases, still be required to comply. Digital records must be kept for each source of income (i.e. each self-employment, any UK property income and any foreign property income). Details to be recorded include:

- Amount
- Date
- Category of income/expense.

Records must be kept on a transaction-by-transaction basis although there are some simplifications for:

- Retailers – who can record a daily gross takings figure rather than each sale.
- Those below the VAT threshold (currently £90,000) - who can adopt three-line accounting rather than categorising every income and expense.
- Jointly held property – who only need to record their share of income in each quarter, with expenses brought in as part of the end of year tax return.

### Are there any exclusions?

The following do not currently need to comply with MTD for IT:

- Partners or members of LLPs (unless they have other relevant income)
- Trusts
- Individuals without national insurance numbers (typically minors and non-residents)

## Can I get an exemption?

It is possible to apply to HMRC (by post or phone) for an exemption from MTD for IT under 'digital exclusion'.

This exemption broadly covers those that cannot reasonably comply with the digital requirements due to age, disability, remoteness of location or other reasons including religious beliefs.

## Deferred start dates

MTD for IT will be postponed to 6 April 2027 for some individuals including non-UK residents, those claiming averaging relief and where trust or estate income was received on their 2024/25 tax return.

Temporary exemption may need to be claimed where those classes of income were not included in their 2024/25 return but expected to be on their 2026/27 return.

## What are the submission deadlines?

Tax reporting deadlines from April 2026 for an individual mandated into MTD for IT will be as follows:

Return obligation	Period covering	Submission deadline
Q1 2026/27	6 April 2026 – 5 July 2026	7 August 2026
Q2 2026/27	6 April 2026 – 5 October 2026	7 November 2026
2025/26 self-assessment tax return*	6 April 2025 – 5 April 2026	31 January 2027
Q3 2026/27	6 April 2026 – 5 January 2027	7 February 2027
Q4 2026/27	6 April 2026 – 5 April 2027	7 May 2027
2026/27 end of year tax return	6 April 2026 – 5 April 2027	31 January 2028

\* Deadline relating to the prior tax year which will fall in between the quarterly updates for 2026/27.

The quarterly updates are made on a cumulative basis. Therefore, if an error is identified in a later quarter, it can be corrected in the latest submission rather than having to go back and amend an earlier quarterly update.

It is also possible to elect to file quarterly updates on a calendar quarter basis (e.g. 1 April 2026 – 30 June 2026 for Q1), although the submission deadlines remain unchanged.

## Does that mean I will have to file five returns per tax year?

Yes, as a minimum, and only if you have one relevant source of income. If, you have, say, two self-employments, UK property income and foreign property income, that would equate to four sources of relevant income and hence four returns each quarter, with 17 filings in total for a given tax year!

## What software should I use?

You must use MTD compatible software to make submissions under the new regime. The software must:

- Create digital records (e.g. a software linking to your bank account, scanning receipts and invoices etc.); or
- Connect to your existing records (e.g. maintain records in a spreadsheet and then using a bridging software to make the submissions to HMRC).

HMRC's website includes a [software finder tool](#) which can help you to find software specifically for your needs.

## Are their penalties for non-compliance?

Yes, a points-based penalty system will apply for late submissions, although there will be a soft-landing for 2026/27 with no penalties for late quarterly update submissions in that year. Further information on this can be found in our 'MTD for IT penalties' factsheet.

## How can Hazlewoods help?

We can provide assistance as required for your specific needs, with three main service levels:

- Fully managed – Hazlewoods will provide a full bookkeeping service including accounts preparation and preparation and submission of quarterly updates and the end of year tax return.
- Partly managed – Hazlewoods will submit quarterly updates based on information provided and will prepare and submit the end of year tax return.
- Self managed – Hazlewoods will only prepare and submit the end of year tax return.

## What action should I take?

1. Determine your commencement date based on the relevant thresholds (we will also write to affected clients).
2. Review your software options and determine whether a software solution or bridging software would suit you best.
3. Create a [personal tax account](#) with HMRC, if you don't already have one.
4. [Sign up to MTD for IT](#) if you are taking responsibility for the quarterly updates yourself (or ask us to do this for you).



01242 680000



[hazlewoods.co.uk](https://hazlewoods.co.uk) | [@Hazlewoods](#)