

Making Tax Digital

Making Tax Digital for Income Tax

This is the biggest change to self-assessment since its inception in 1995, but we are here to help guide you through this. From April 2026, making tax digital (MTD) will apply to individuals who receive income from self-employment and/or property above a threshold of £50,000. Your tax return for the year ended 5th April 2025 will determine whether the threshold has been met and whether mandation applies to you.

If mandation does apply, you will be required to submit quarterly returns to HMRC and then finalise the tax position after the end of the tax year. If your £50,000 gross income is made up of both self-employment income and property income, you need to make separate returns for each source of income. You will need to submit 2 returns each quarter before finalising the position after the end of the tax year.

This threshold is reducing over the coming years. It will be £30,000 for 2025/26 and down to just £20,000 from 2026/27. So, if your gross income is £20,000 or more for the 2026/27 tax year, mandation will apply from April 2028.

The quarterly updates will need to be submitted using compatible software and records will need to be stored digitally (as is currently required for vat registered businesses)

Penalties

Taxpayers will have 1 month and 7 days to make their quarterly submissions. So, for the 1st period covering April 2026 – June 2026, the submission deadline is 7th August 2026.

Late submission penalties are based on a points system. A penalty point will be accrued if a taxpayer submits a quarterly return late and a penalty of £200 will be applied once a taxpayer has received 4 penalty points.

MTD for Corporation Tax

Despite previous announcements and proposals, there are currently no plans to introduce MTD for corporation tax.

Contact Us

If you need help or advice with Making Tax Digital, please get in touch.

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