CAMPBELL RITCHIE
CHARTERED ACCOUNTANTS

CLIENT GUIDE | AUGUST 2026

Making Tax Digital for Income Tax

A plain-English guide for sole traders and landlords: who is affected, what changes and how to get ready.

! Already above £50,000? MTD for Income Tax started on 6 April 2026. If you are not signed up or your first update is outstanding, contact us now.

WHEN THE RULES APPLY

6 APR 2026

Over £50,000

Based on your 2024/25 tax return

6 APR 2027

Over £30,000

Based on your 2025/26 tax return

6 APR 2028

Over £20,000

Based on your 2026/27 tax return

Who is in scope?

- An individual registered for Self Assessment
- A sole trader, a landlord, or both
- Total qualifying income is over the relevant threshold
- Income can be added together across more than one trade or property source

The threshold is not your profit

Qualifying income means your gross self-employment turnover plus gross property income, before expenses and allowances.

These do not count towards the threshold:

PAYE income, dividends, pensions and your share of partnership profit.

Partnerships are not currently required to join MTD for Income Tax. Limited companies are outside these Income Tax rules.

What happens during the tax year

THE NEW ROUTINE

1. **Keep records** — Record income and expenses digitally as you go.
2. **Send updates** — Submit totals for each business every 3 months.
3. **Finalise** — Add adjustments and any other income after year end.
4. **File and pay** — Submit the tax return and pay by 31 January.

QUARTERLY UPDATE DEADLINES

For most clients using standard tax-year periods

Each update is cumulative from the start of the tax year. The deadline is the same if calendar periods are chosen.

UPDATE	RECORDS COVERED	HMRC DEADLINE
1	6 April to 5 July	**7 August**
2	6 April to 5 October	**7 November**
3	6 April to 5 January	**7 February**
4	6 April to 5 April	**7 May (following tax year)**

What goes in an update?

- Totals for income and expense categories
- A separate update for each trade and property business
- No detailed receipts or invoices are sent to HMRC
- No accounting or tax adjustments are needed at this stage

You must still send an update if there was no income or expense in the latest period.

What does not change?

- Quarterly updates do not replace the annual tax return
- The return and tax payment remain due by 31 January
- Keep bank statements, invoices, receipts and supporting records

Penalty note: HMRC will not give late-update penalty points for 2026/27, but all updates must be filed before the tax return. Late-return and late-payment rules still apply.

MTD for VAT is separate: all VAT-registered businesses must already keep digital VAT records and file VAT returns through compatible software. Spreadsheet users may need bridging software.

HMRC VAT Notice 700/22

Choose the right record-keeping route

THREE PRACTICAL OPTIONS

1 All-in-one software

EASIEST TO RUN

BEST FOR

Busy businesses and clients who want automation.

Use HMRC-recognised bookkeeping software for bank feeds, digital records, quarterly updates and the annual return. Usually the simplest long-term route.

2 Spreadsheet + bridge

BEST FOR

Simple records and confident spreadsheet users.

Keep income and expenses in Excel or another spreadsheet. HMRC-recognised bridging software reads or imports the data and makes the submissions.

3 Spreadsheet + adviser

BEST FOR

Clients who want to keep records but outsource compliance.

Maintain an agreed digital template and provide it on schedule. We review, digitally import and submit through compatible software. Responsibilities must be agreed in advance.

If you want to keep spreadsheets

A spreadsheet can still be compliant, but it is not enough on its own. The bridge must support digital records, quarterly updates and the final tax return. Data must remain digitally linked - use formulas, imports or exports rather than retyping or copy-and-paste between systems.

Ask us to check the exact product and version before you buy. HMRC's software finder includes both all-in-one and bridging products.

YOUR ACTION CHECKLIST

1. **Check your gross income**
   Add self-employment turnover and gross property income.
2. **Confirm your start date**
   Use the threshold table and your earlier tax return.
3. **Choose a record route**
   Speak to us before committing to software.
4. **Record little and often**
   Weekly or monthly bookkeeping makes updates manageable.
5. **Agree who does what**
   Set dates for records, reviews and submissions.
6. **Sign up and authorise**
   Connect the chosen software to HMRC before the first update.

Ready to make a clear plan?

Contact your usual Campbell Ritchie adviser. We will confirm your start date, recommend a workable record-keeping route and agree the quarterly process with you.

ACT NOW

HMRC rules and thresholds | Quarterly updates | HMRC software finder

General guidance only. Tax and software suitability depend on your circumstances; please take advice before acting.