



PANDLE GUIDE

Making Tax Digital for IT.



Sneak peek.

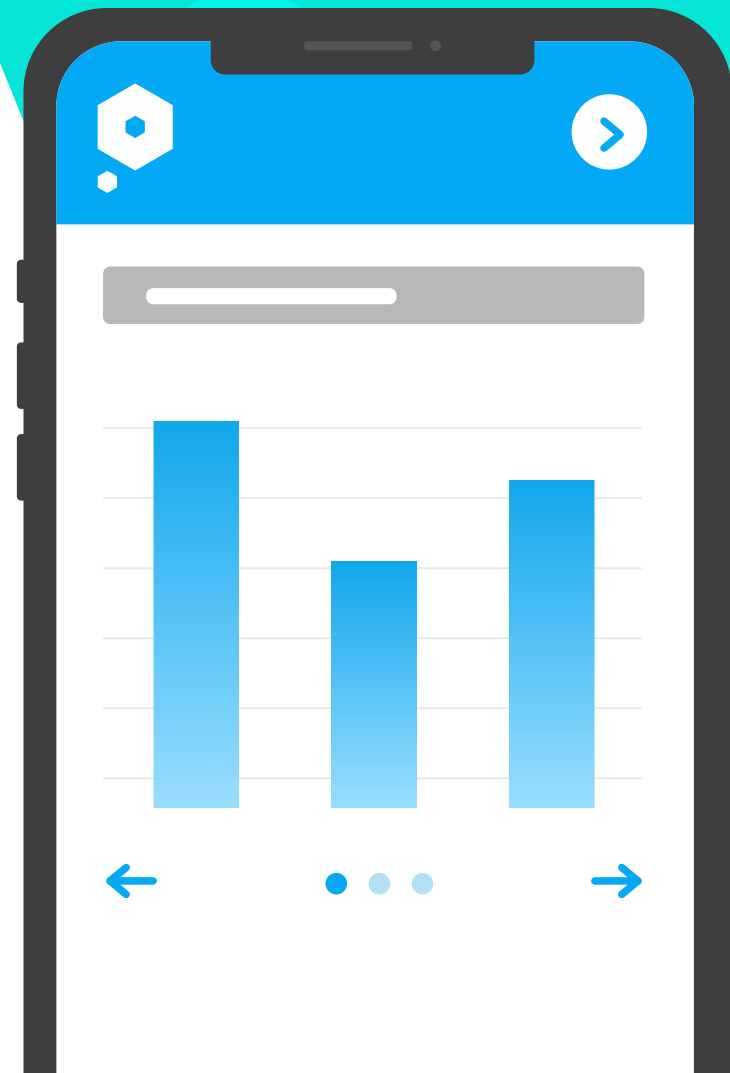
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What is Making Tax Digital for Income Tax?

MTD is an initiative created by HMRC to create a simpler, more effective and efficient tax system.

From Spring 2026 sole traders and landlords whose self-employment income is more than £50,000 will need to use Making Tax Digital (MTD) compatible bookkeeping software to record and report their figures to HMRC every quarter. The threshold reduces to £30,000 from April 2027.

This will replace the current system of submitting a yearly Self Assessment tax return as is the case at the moment.



When is MTD for IT being introduced?

Making Tax Digital for Income Tax will become compulsory on **6th April 2026** if:

You earn an income from being a sole trader or a landlord (or both), and;

Your self-employed income is £50,000 per tax year (or more)





How do I **comply** with MTD Income Tax?

Once you sign up to MTD you will need to keep your financial records digitally, and report your finances to HMRC with MTD-compliant software.

Even if you're already signed up for MTD for VAT (or registered for Self Assessment), you will still need to sign up separately for MTD IT

You won't be transferred over automatically, so it's time to start thinking about the changeover. These things take time, and you don't want to get caught out at the last minute.

You can sign-up before the deadline, but once you register there's no going back!

You'll then need to follow the rules, even if you register voluntarily.

What happens after I register for MTD IT?

Once you sign up for MTD IT software, the good news is that you can wave goodbye to Self Assessment tax returns, unless you need to declare other untaxed income outside of MTD.

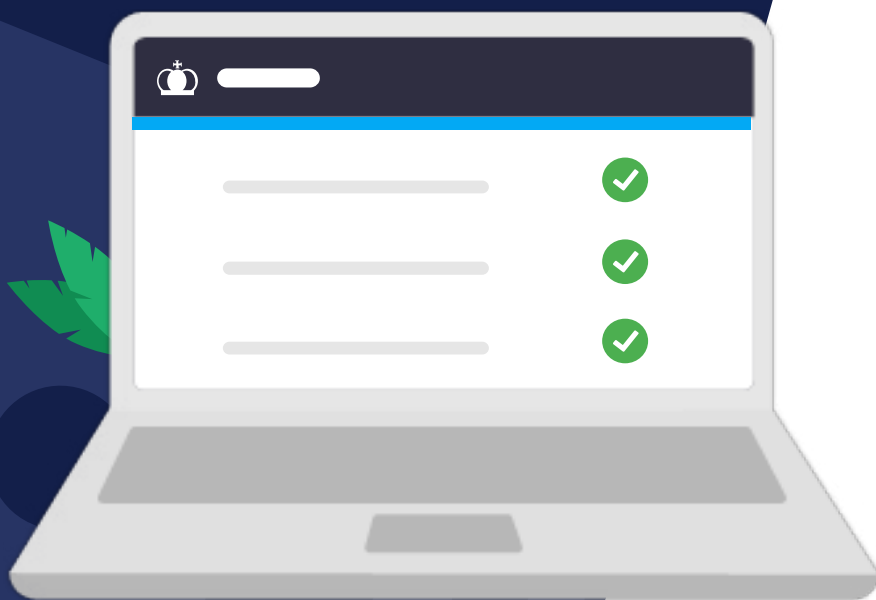
Instead, you will use the software to provide updates to HMRC every quarter.

You'll also need to submit an end of period statement (EOPS) to HMRC by 31st January after the end of the tax year — again, using your MTD software.

This will show all your income (whether property income or self-employment) plus any allowable expenses.

If you own more than one sole trader business or rental property, you'll need to send HMRC a separate EOPS for each one.

You'll also need to send HMRC a final declaration of all your income by 31st January, and pay any tax or National Insurance that you owe.



Payments on account.

It's also important to note that the introduction of MTD doesn't affect the payment on account system.

These are advance payments that you must make towards your tax bill if your last bill was £1,000 or more.

The first payment is due by 31st July, and is normally half of the previous year's bill, with the remaining balance due by 31st January.

So, make sure you don't miss any important deadlines!



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