

# Watch out MTD ITSA is coming April 2026

## What is MTD ITSA?

- Making Tax Digital for Income Tax Self-Assessment.

## Who could be affected by it?

- From April 2026 self-employed individuals and landlords with a tax year turnover exceeding £50,000.
- From April 2027 self-employed individuals and landlords with a tax year turnover exceeding £30,000.
- The turnover threshold takes account of the combined turnover of a person's total number of businesses and rental properties.
- **Please note** - MTD ITSA has been deferred, until a date yet to be decided, regarding partnerships, LLPs, Limited partnerships and companies.

## Are there any exemptions?

- From April 2026 trades and/or rental income where the turnover does not exceed £50,000.
- From April 2027 trades and/or rental income where the turnover does not exceed £30,000.
- A deceased person's estate.
- Registered pension scheme trustees.
- Non-resident companies.
- Individuals who are able to claim they are digitally excluded.
- Individuals who do not have a national insurance number.
- Foster carers

## What constitutes 'digitally excluded'?

- Location – for example, you cannot obtain internet access at or near home or at work.
- Disability, which prevents you from using the software technology.
- Your religious beliefs.

## What will MTD ITSA mean in practice?

- You will be required to **maintain your trading/rental records in a digital format.**

- Primarily, during the tax year, you will need to **make quarterly digital submissions** to HMRC of your income and expenses as regards your trade/rental business.

## When do you have to make the quarterly submissions?

- 7<sup>th</sup> August – covering the 1<sup>st</sup> quarter to 5<sup>th</sup> July.
- 7<sup>th</sup> November – covering the 2<sup>nd</sup> quarter to 5<sup>th</sup> October.
- 7<sup>th</sup> February – covering the 3<sup>rd</sup> quarter to 5<sup>th</sup> January.
- 7<sup>th</sup> May – covering the 4<sup>th</sup> quarter to 5<sup>th</sup> April.
- An 'calendar quarter election' can be made which allows a business to draw up quarterly updates to the end of the previous month.
- The quarterly submissions will be on a cumulative basis.
- The very first MTD ITSA submission will need to be made by 7<sup>th</sup> August 2026.

## What will need to be included in the submissions?

- Details of trading/rental income and expenses for the quarter period concerned.
- Sole traders who are above the VAT threshold, and property landlords, will need to break down the income and expenses into categories similar to what is presently required for a self-assessment tax return.
- Sole traders below the VAT threshold can choose to submit only total income and expenses figures for each quarter.

## Do I have to pay my tax over at the same time as the quarterly submissions?

- **At present no**, you continue to pay the tax over on 31<sup>st</sup> January and 31<sup>st</sup> July each year.

## Will I need to also complete a Self-Assessment Tax Return?

- Not if you are having to comply with MTD ITSA.

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## How will I declare my other income and capital gains disposals?

- A finalisation statement (FS) will **also need to be submitted by 31<sup>st</sup> January** following the end of the relevant tax year.
- You would include other income and gains not already reflected in the quarterly submissions on the FS.

## What happens if I don't comply?

- **Financial penalties** are likely to be imposed.

## What do I need to do?

- **DO NOT LEAVE IT TOO LATE TO ACT.**
- Check to see if you are caught by the MTD ITSA rules.

- Check to see if you have HMRC compatible software to maintain and submit the relevant digital records.

## How can we help?

- We can carry out an MTD ITSA review.
- Assist with the sourcing of the MTD ITSA compliant software.
- If required, train you on how to use that software.
- Ensure that the MTD quarterly submissions, and FS are submitted on time and advise on the tax and national insurance (if applicable) to be paid.

## Please note

- This is based upon present HMRC draft proposals which may be subject to change.

If you wish to discuss Making Tax Digital or any other issues  
please do contact us.