APRIL 2026

SPOTLIGHT ON:

MTD for income tax: Your April 2026 checklist

MAGEE GAMMON
CHARTERED ACCOUNTANTS
TAX & BUSINESS ADVISORS

WWW.MAGEEGAMMON.COM
MG@MAGEEGAMMON.COM
01233 630000

PRACTICAL STEPS TO GET READY FOR THE NEW REPORTING RULES

Making Tax Digital for income tax (MTD IT) starts from **6 April 2026** for sole traders and landlords with qualifying income over **£50,000**. For many businesses and property owners, the change is less about extra tax and more about changing how records are kept and how income is reported to HMRC through the year. HMRC says those in scope will need to keep digital records, send quarterly updates through compatible software, and then complete a year-end process through that software. HMRC has also confirmed that this rollout will widen in later phases, to qualifying income over **£30,000 from 6 April 2027** and over **£20,000 from 6 April 2028**.

The main risk is leaving preparation too late. Businesses that already keep clean digital records and reconcile income regularly are likely to find the transition manageable. Those still relying on paper files, spreadsheets with manual rekeying or a year-end tidy-up may find April 2026 more disruptive than expected. This guide sets out who needs to act now, what the new process looks like, and the practical checks worth making before the start date.

CHECK FIRST WHETHER YOU ARE IN SCOPE

The April 2026 start date does not apply to everyone in self assessment. It applies first to **sole traders and landlords** whose total qualifying income from self-employment and property was **more than £50,000 in the 2024 to 2025 tax year**. HMRC's eligibility guidance says the test is based on qualifying income from those sources, not total income from all sources. That means salaries, dividends and savings income do not count towards the threshold for deciding whether April 2026 applies, although those figures may still be relevant later in the tax return process.

Qualifying income can include:

- income from self-employment
- income from UK property
- income from foreign property
- income from more than one business or property source combined.

HMRC also says income from ceased self-employment or property sources can still count towards qualifying income for the threshold test if it appears on the relevant tax return. That is worth checking where a business has changed, split or ceased activity during the year.

BE CLEAR ON WHO IS NOT STARTING IN APRIL 2026

A lot of unnecessary concern has come from people assuming MTD IT will apply to every taxpayer from April 2026. It will not.

As things stand:

- sole traders and landlords with qualifying income over **£50,000** start from 6 April 2026
- those over **£30,000** start from **6 April 2027**
- the government has set out plans for those over **£20,000** to start from 6 April 2028
- limited companies are **not** within this April 2026 MTD IT rollout
- partnerships are not part of the first phase starting in April 2026.

That makes this a narrower change than some headlines suggest, but it is still significant for many landlords, sole traders and owner-managed businesses operating outside a company. Thresholds are for gross income, not net.

UNDERSTAND WHAT THE NEW PROCESS ACTUALLY INVOLVES

MTD IT is not just a digital version of the current self assessment return. HMRC says the process has three main parts.

You will need to:

- **create, store and correct digital records** of self-employment and property income and expenses
- **send quarterly updates** to HMRC using compatible software
- **submit a year-end tax return process**, including any other income and gains, and pay tax due by 31 January following the end of the tax year.

HMRC has described the quarterly submissions as **light-touch quarterly** updates rather than extra tax returns. That wording matters, because the update is a summary of digital records for the period, not a full tax calculation each quarter.

GET FAMILIAR WITH THE QUARTERLY DEADLINES

For many clients, the biggest change in habit will be the reporting rhythm. HMRC's current guidance says the quarterly update deadlines are:

- 7 August
- 7 November
- 7 February
- 7 May.

That means businesses in scope from 6 April 2026 will move away from a single annual reporting mindset for business and property income. The work will need to be spread through the year, even though the tax payment timetable remains separate.

This is one reason April 2026 preparation matters. The businesses that struggle are likely to be those still treating bookkeeping as a once-a-year job.

KNOW WHAT RECORDS MUST BE KEPT DIGITALLY

HMRC's digital record guidance is fairly direct. Businesses within MTD IT must create and store digital records of self-employment and property income and expenses. For each item of income or expense, the record needs to include:

- the **amount**
- the **date**
- the **category** of income or expense.

HMRC says MTD IT uses the same categories of income and expenses as self assessment. For self-employment, that includes items such as sales, takings, fees, stock costs, travel, office costs and financial costs. For property, it includes rent and property expenses such as repairs, maintenance and services.

In practice, the key point is that a rough spreadsheet total or a box of invoices handed over after the year end is no longer the standard MTD is built around. The system expects business and property records to be digital and kept up to date.

CHECK WHETHER YOUR SOFTWARE IS READY

Compatible software is central to the new regime. HMRC says those in scope will need software that works with MTD IT to keep records, send quarterly updates and complete the year-end submission. There are both full bookkeeping products and bridging-style options on HMRC's recognised software list, depending on how a business prefers to work.

Before April 2026, review whether your current set-up can handle:

- digital record-keeping for all business and property income streams
- quarterly updates to HMRC
- year-end submission through the same or linked software
- inclusion of other sources of income and gains at the end of the tax year, where relevant.

A business may not need the most expensive system on the market, but it does need one that matches how the records are kept in real life.

REVIEW HOW MANY INCOME STREAMS NEED TRACKING

One of the more practical issues is that many people affected by MTD do not have just one tidy source of income. A taxpayer may have:

- one or more self-employments
- UK rental income
- foreign property income
- ceased sources still relevant to the threshold test
- other personal income that still needs to be included at the year-end stage.

That means the bookkeeping question is not only “Do I have software?” but also “Does my set-up properly separate and capture each source?”

This matters because weak source separation creates avoidable problems later, especially where one person has both trading and property income.

DO NOT ASSUME THE OLD ANNUAL TIDY-UP WILL STILL WORK

Under the old habit pattern, many sole traders and landlords could leave bookkeeping in poor shape for months and still pull together a tax return before 31 January. MTD IT is designed to change that.

A sensible shift now is to move towards:

- monthly bookkeeping
- monthly or quarterly reconciliations
- clearer digital storage of invoices and expense evidence
- regular review of business and property categories
- fewer year-end adjustments caused by incomplete records.

This is not only about compliance. More regular records usually make it easier to track profit, cashflow and tax exposure through the year.

UNDERSTAND THE FIRST-YEAR PENALTY POSITION PROPERLY

One of the most useful current easements is that HMRC says it **will not apply penalty points for late quarterly updates in the first mandatory year, 2026 to 2027**, for those required to join from April 2026. However, that does **not** mean there is no consequence to poor compliance.

HMRC also says:

- digital records still need to be kept
- quarterly updates still need to be sent before the tax return can be completed
- penalties can still apply for **late tax returns**
- penalties and interest can still apply if tax is paid late.

So the easement is helpful, but it is not a reason to delay preparation. It mainly gives affected taxpayers and agents more room to settle into the quarterly cycle without immediate late-update penalty points.

CHECK WHETHER AN EXEMPTION MAY APPLY

Not everyone who would otherwise fall within the thresholds has to use MTD IT. HMRC's exemption guidance says some people are automatically exempt, including:

- those with qualifying income of **£20,000 or less**
- those without a national insurance number
- trustees and personal representatives, in relation to those roles
- certain Lloyd's members
- some people who are not physically or mentally capable of using the system, depending on the conditions met.

HMRC also says people may be exempt if they are **digitally excluded**, meaning it is not reasonable for them to use compatible software to keep records or submit them. Agents can apply on behalf of clients in that position. HMRC has said those clients should still be prepared for MTD while an exemption application is being considered, in case it is refused.

That makes exemption an issue to review early rather than close to the deadline.

PREPARE FOR THE YEAR-END STEP, NOT JUST THE QUARTERLY UPDATES

Quarterly updates are only part of the process. HMRC says that before the final year-end submission is completed, the software will need to include other sources of income and gains where relevant. The final declaration deadline remains **31 January** after the end of the tax year. HMRC's developer guidance states that the final declaration can be made from 6 April after the year end, with a deadline of 31 January the following year.

This matters because MTD IT does not remove the need to bring together the wider tax picture. It changes the route and timing for business and property records, but the end-of-year completion step still matters.

> ***HMRC allows voluntary sign-up in some cases, and the wider rollout means many taxpayers who are not affected in 2026 may still be affected in 2027 or 2028***

IF YOU ARE BELOW THE THRESHOLD, DO NOT IGNORE THIS COMPLETELY

Businesses and landlords below the April 2026 threshold may still want to act early. HMRC allows voluntary sign-up in some cases, and the wider rollout means many taxpayers who are not affected in 2026 may still be affected in 2027 or 2028. HMRC's current sign-up guidance says someone who will be required from a later date can choose to sign up voluntarily now for the current tax year, provided they are eligible and use compatible software.

For some, the best use of 2025 to 2026 is not early enrolment but process improvement, so it is a good time to:

- clean up records
- move to compatible software
- separate business and personal transactions properly
- improve source document storage
- get used to quarterly bookkeeping reviews.

A PRACTICAL APRIL 2026 CHECKLIST

Use this checklist to see what needs doing now.

CONFIRM WHETHER APRIL 2026 APPLIES

- Check your **2024 to 2025 qualifying income** from self-employment and property.
- If the total is **over £50,000**, assume April 2026 is live unless an exemption applies.

LIST ALL RELEVANT INCOME SOURCES

- Separate each self-employment.
- Separate UK and foreign property income where relevant.
- Identify any ceased sources that still affect the threshold calculation.

REVIEW DIGITAL RECORDS

- Can you record income and expenses digitally by amount, date and category?
- Are records up to date enough to support quarterly updates?

CHECK SOFTWARE

- Confirm whether your current software is compatible with MTD IT.
- If not, decide whether to move to bookkeeping software or a bridging option.

SET A QUARTERLY TIMETABLE

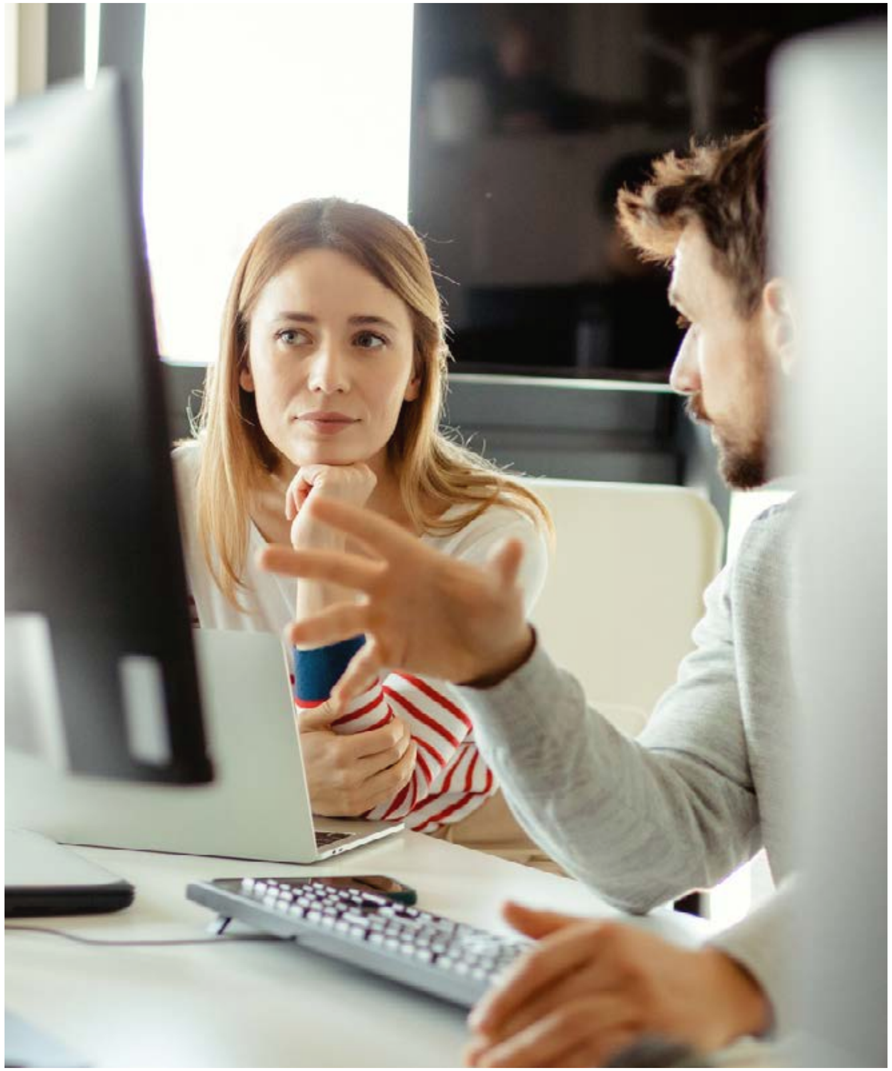
- Build internal deadlines ahead of **7 August, 7 November, 7 February and 7 May**.
- Do not rely on the first-year easement as a substitute for a process.

REVIEW EXEMPTIONS EARLY

- Check digital exclusion or automatic exemption grounds where relevant.
- If applying, do it early and keep preparing in parallel.

PREPARE FOR THE YEAR-END STAGE TOO

- Make sure the year-end process will still capture other income and gains, not just business and property summaries.



HOW WE CAN HELP

The businesses most likely to handle MTD well are the ones that treat it as a records and process project, not just a filing deadline. The quickest wins usually come from confirming whether the threshold applies, cleaning up income sources, choosing the right software and setting a workable quarterly routine.

We can help you:

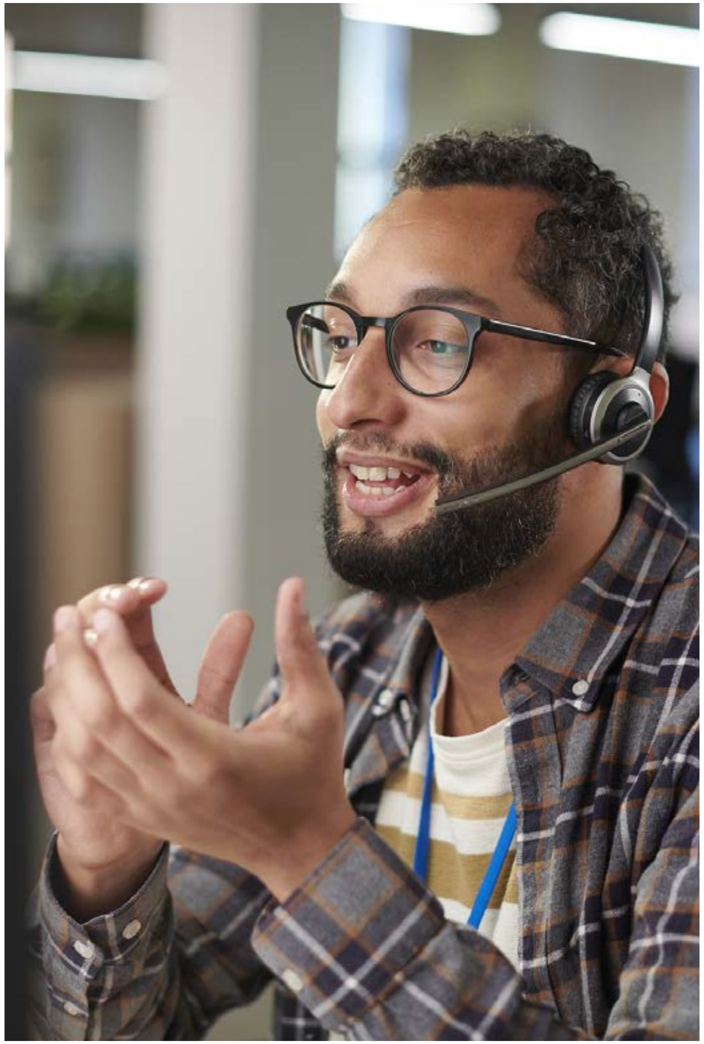
- confirm whether April 2026 applies based on your qualifying income
- review whether your records meet HMRC's digital requirements
- choose or assess software for quarterly reporting
- separate self-employment and property records properly
- prepare an internal timetable for quarterly updates and the year-end submission
- review whether an exemption may apply.

LOOKING FORWARD

MTD IT is now close enough that affected businesses should treat it as a live change, not a future one. HMRC is already urging those in scope to act, and the move to quarterly digital reporting will be much easier where the groundwork is done before 6 April 2026. HMRC said on 5 February 2026 that **864,000 sole traders and landlords** face the new rules from April 2026, which gives a sense of how many taxpayers are now in the countdown phase.

The practical message is simple: confirm whether you are in scope, get the records into good shape, check the software, and build a reporting routine before the first quarterly deadline arrives.

Need help with MTD?
We can assist.



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Henwood House, Henwood, Ashford, Kent, TN24 8DH