

Making Tax Digital for Income Tax Self Assessment



Contents

- 02** Introduction
- 03** What is Making Tax Digital?
- 04** What is Making Tax Digital for Income Tax Self Assessment?
- 05** Who is affected by MTD ITSA?
- 06** What will I need to do?



Making Tax Digital for Income Tax Self Assessment

Making Tax Digital rules for Income Tax Self Assessment (or MTD ITSA) will affect the way that businesses and landlords tell HMRC about their earnings.

Our short guide explains the new MTD rules for Income Tax Self Assessment, and what they mean for you.

Making Tax Digital is a key part of the government's plans to make it easier for individuals and businesses to get their tax right and keep on top of their affairs.





What is Making Tax Digital?

Making Tax Digital (MTD) is the government's plan to transform the way that we report and pay tax.

The first stage, [MTD for VAT](#), is already in place and all VAT-registered businesses must now keep digital records and use MTD software to submit VAT returns.



What is Making Tax Digital for Income Tax Self Assessment?

MTD ITSA is the next step in the Making Tax Digital schedule, and will replace the existing system of Self Assessment.



Who is affected by MTD ITSA?

From 6th April 2026 the new rules for MTD Income Tax Self Assessment will be compulsory for sole traders and landlords whose total income from self-employment or property is over £50,000.

This threshold will reduce to £30,000 from April 2027.

Gross income is what you earn before deducting any expenses! This is not based on profit.

If you have more than one sole trader business, or earn money from self-employment and from rental earnings, you'll need to include each source of income.



What will I need to do?

Those affected by the new rules will need to register for MTD for Income Tax before **6th April 2026**.

If you're already registered for Self Assessment, or for MTD for VAT, you **won't** be automatically transferred over when MTD for Income Tax starts.

Once you sign up, you won't need to submit a Self Assessment return for income tax (unless you have other undeclared income outside of MTD).

Instead, you'll need to keep digital records, and then submit an update to HMRC every quarter using MTD software.

At the end of the tax year, you'll use the software to submit an end of period statement (EOPS) to HMRC. This will detail all your income (whether from self-employment or property) as well as any allowable expenses.



You will also need to use your MTD software to send HMRC a final declaration of all your income. This is when you'll pay any National Insurance or tax that's due.

Remember that the [payment on account system](#) still applies, so you might need to make an additional payment on the 31st July of the same year

If you own multiple properties or sole trader businesses, you must submit an EOPS for **each one**.





Need more help with Making Tax Digital for Income Tax Self Assessment?

If you have any further questions simply call us on 020 3355 4047 and one of our friendly accountancy advisors will be happy to help.

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