

MAKING TAX DIGITAL FOR INCOME TAX

6 APRIL 2026 (2026-27)

ROBINSONS
Chartered Certified Accountants

Re: Making Tax Digital for Income Tax – 6 April 2026 (2026-27)

We wanted to inform you about an upcoming HMRC initiative called 'Making Tax Digital for Income Tax' or 'MTD for IT' for short. It is a new **mandatory** system for Income Tax reporting that will affect how you report income to HMRC.

The MTD for IT regime will become mandatory from 6 April 2026 if your self-employment and/or property rental income is more than £50,000 in the 2024-25 tax year. Based on our records, we are expecting you to fall within this category.

So, now is the time for us to start preparing.

What does it mean for you?

You will be required by law to use what is termed 'compatible software' to:

- Keep and retain transaction-level (income and expenses) digital records for each self-employment and/or property business.
- Submit quarterly update reports of your year-to-date transactions for each self-employment and/or property business to HMRC.
- Finalise your end-of-year position by providing details of your other personal income sources, making adjustments, claiming reliefs and submitting your digital tax return to HMRC.

Starting with the 2026-27 tax year, this process will replace your annual self-assessment tax return. Failure to comply with the new rules will result in financial penalties.

There will be no changes to your income tax payment dates.

When does this change impact you?

Based on your self-assessment tax return for the 2023-24 tax year, it is likely that you will be mandated to comply with the MTD for IT requirements from 6 April 2026, unless your combined self-employment and property income now falls below £50,000 in 2024-25.

We must ensure that you are using an appropriate digital record-keeping system from 6 April 2026 and are ready to submit the first quarterly update report for the 2026-27 tax year, due on 7 August 2026.

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What is compatible software and is HMRC providing it?

HMRC will not be providing software, but it's important to note that the new requirements may not necessarily require a change in the systems that you are currently using. If changes are required to ensure your systems are compliant, various types of MTD-compatible software will be available. We can help to ensure that you have the right solution at a price point that works for you.

Why are HMRC doing this?

HMRC are introducing this new requirement to improve record keeping and tax accuracy, thereby reducing tax loss to the exchequer. Unfortunately, the rules are being applied to everyone within the set criteria, regardless of how good their current records are.

It could be an opportunity to review your current processes to identify any advantages that can be achieved by 'compatible software'. For example, many clients value cloud record keeping, which assists with strategic planning due to real-time data.

What are the next steps?

We are reaching out now, giving us plenty of time to prepare, explore options and find a solution that works for you. We have lots of experience in handling HMRC digitalisation requirements and have previously supported many of our clients when a similar regime was introduced for VAT. You can read more about HMRC's MTD for IT initiative here: gov.uk

HMRC may contact you over the coming weeks and months to also inform you of the planned changes. HMRC's letter is for information purposes, and you do not need to respond to it directly.

Depending on your current record-keeping system and VAT status, there may be more work involved so do not hesitate to get in touch.

Consider taking part in the testing programme

HMRC is running an MTD for IT testing programme throughout 2025-26. Taking part could help you get to grips with the digital record-keeping and quarterly reporting requirements before they become mandatory. It's possible to sign up at any time during 2025-26 and penalties for late quarterly reports will not apply during the test period. If you'd like to take part, please speak to us for more details.

Don't worry – we are here to help

We understand that there is a lot to take in, but we are committed to working with you to find the best possible solution that brings as much value to you and your business as possible.

[Have a question? Speak to the Robinsons Team](#)

Robinsons Chartered Certified Accountants
5 Underwood Street
London
N1 7LY

TEL: 020 7684 0707

EMAIL: info@robinsonslondon.com