01 / WHO NEEDS IT

Making Tax Digital for Income Tax.

Digital records. Regular updates. One final personal tax return.

Making Tax Digital (MTD) changes how sole traders and individual landlords keep records and report to HMRC. It is not a new tax, and it does not mean paying your Income Tax bill every quarter.

Income shown for this tax year	Qualifying income above...	MTD begins
2024/25: 6 April 2024 to 5 April 2025	£50,000	6 April 2026
2025/26: 6 April 2025 to 5 April 2026	£30,000	6 April 2027
2026/27: 6 April 2026 to 5 April 2027	£20,000	6 April 2028

What is "qualifying income"?

Broadly, your total **sole-trade sales plus property income before expenses**. Add the relevant sources together. It is not your profit, drawings, bank balance or your share of a company's sales.

Salary through PAYE, company dividends, pensions and your share of partnership profit do not count towards this test. They may still belong in the final personal tax return.

This is a tax-year test, not VAT's rolling 12-month test. The threshold is "above", not "at least". VAT treatment follows the figures used in your return; do not assume every VAT-inclusive figure must be stripped out.

EXAMPLE: TWO SOURCES COUNT TOGETHER

In 2025/26, Jamie has £22,000 sole-trade sales and £12,000 rental income before expenses.

£34,000

Qualifying income: above £30,000

Jamie joins from **6 April 2027**, assuming not already required to join in 2026. An extra £20,000 PAYE salary does not change this threshold calculation.

COMPANY OWNER? CHECK YOUR PERSONAL INCOME

Your limited company is not brought into MTD for Income Tax by these rules. You could still be affected personally if you also have sole-trade or rental income. Partnerships have a later rollout with no start date currently set.

Already required from April 2026? Contact us now if the setup is unfinished. Do not wait for a letter. Joint property owners normally test their own share, and a part-year business can need an annualised income calculation. Exemptions and other special cases are on page 5.

CHECK THE RULES Who joins and when · What counts as qualifying income · Digital-record rules and simplifications

02 / THE RECORDS

Keep the information moving, not in a year-end pile.

You do not have to become a bookkeeper. You do need to give us complete records throughout the year.

What a digital record contains

Date	Amount	What it is
14 April	£600 income	Design work for a customer
16 April	£45 expense	Business software
20 April	£120 expense	Materials for a customer job

The record needs a date, amount and the appropriate income or expense category. The software adds the records together for HMRC. Keep the invoices, receipts and other evidence too.

Your practical routine

Upload receipts to **Hubdoc or your agreed system** regularly. Keep bank feeds connected and provide statements for every business account. Tell us about cash sales, refunds, costs paid personally and money moved between accounts.

A bank feed is a starting point, not a finished set of books. For example, a platform paying you £970 after £30 of fees may represent £1,000 of sales and a separate £30 cost.

Use software that can do the whole job

We agree a setup that supports your records, quarterly updates and final return. It may use one product or a combination. There are free and paid options, but features and limits vary.

SPREADSHEETS ARE NOT BANNED

A suitable spreadsheet can work with compatible “bridging software”, which connects the records to HMRC. Where software products share the required records, the link must be digital, not totals retyped or copied and pasted.

Already using Xero or filing MTD VAT? That does not prove you are signed up for MTD Income Tax. The service, authority and software support need checking separately.

Some smaller businesses and joint property owners can use simpler record categories. We will choose the appropriate method; you should still provide the underlying evidence.

MORE THAN ONE BUSINESS?

Each separate sole trade generally needs its own records and updates. Your UK rental properties are normally combined into one UK property business, including your share of joint properties. Overseas properties form a separate foreign property business. We check the setup before the first update.

For 5 April year ends, digital records start on 6 April. For a 31 March year end using calendar updates, they start on 1 April. Agree this with SBX before the first submission; it affects which transactions are included.

CHECK THE RULES Digital record keeping · Choosing compatible software · Sign-up and authorisation · Digital-record rules and simplifications

03 / YOUR QUARTERLY TIMETABLE

Four check-ins, not four new tax bills.

Each update reports totals from the start of the year to the latest period end.

Update	Standard period covered	Calendar alternative	Due: 2026/27	Due: 2027/28
1	6 April to 5 July	1 April to 30 June	7 August 2026	7 August 2027
2	6 April to 5 October	1 April to 30 September	7 November 2026	7 November 2027
3	6 April to 5 January	1 April to 31 December	7 February 2027	7 February 2028
4	6 April to 5 April	1 April to 31 March	7 May 2027	7 May 2028

January, March and the final April dates fall in the second year of the relevant tax year. Calendar updates suit 31 March year ends. The choice must be made before the first update for that year; it cannot then be changed for the same year.

WHAT “CUMULATIVE” MEANS

It means year-to-date, not just the last three months.

£12,000 + £15,000

Sales in the first quarter, plus new sales in the second quarter.

Second update shows **£27,000** sales so far. It does not add £27,000 on top of the first £12,000.

What goes to HMRC?

Totals from the required income and expense categories, not a copy of each receipt. Quiet periods still need an update. Check records and correct errors as you find them.

A later cumulative update can include corrected earlier records. After the fourth update, further corrections may mean resending that update before finalising the return.

You do not need every year-end tax adjustment completed for a quarterly update. The estimate shown is **provisional**, not a final amount to pay.

THE ANNUAL RETURN STILL HAS A DEADLINE

For **2026/27**, finalise the personal return through compatible software by **31 January 2028**. For **2027/28**, it is **31 January 2029**. A 2025/26 return, normally due 31 January 2027, still needs filing under the earlier arrangements.

Send records by the earlier date agreed with SBX, not on HMRC’s filing deadline. Updates are generally required for each business in scope, but there is one final personal tax return covering your overall position.

CHECK THE RULES Quarterly updates and deadlines · The final tax return · Digital record keeping

04 / YEAR END AND CASH FLOW

The quarterly estimate is not the final answer.

We bring the business records and your wider personal tax information together after the year ends.

01 Finish and check the business figures

We review missing costs, private use, any relevant asset relief and other tax adjustments. The fourth update alone does not finalise the year.

02 Add your other income and reliefs

Send salary and pension statements, dividends, interest, gains and overseas details, plus personal pension and Gift Aid information. We also check tax already paid, such as PAYE or CIS.

03 Approve the final personal return

HMRC may supply some figures automatically, but they still need checking. We send you the return and calculation for approval, then submit through the appropriate software.

THE FILING ROUTE CHANGES

Once within MTD, use compatible software for the final return. Do not send a duplicate return through the old HMRC online form. MTD does not remove the need to report the rest of your taxable income.

When do you actually pay?

The normal **31 January and 31 July** Self Assessment payment dates remain. “Payments on account” are advance instalments towards the next bill, not a new MTD charge.

For example, a £4,000 relevant annual bill can mean £4,000 plus a £2,000 advance payment in January, then £2,000 in July. Exceptions apply. Our **Self Assessment & Your First Tax Bill** guide walks through this.

LATE UPDATES: THE FIRST-YEAR RULE

There are no late-quarterly-update penalty points for **2026/27**. You still need the records and updates. This is not a fresh one-year holiday for everyone joining later, and it does not waive annual-return or late-payment rules.

For mandatory users after 2026/27, missed update or annual-return deadlines attract points. At **4 points**, a **£200** penalty applies, with another £200 for further missed submission deadlines. VAT points are separate.

Late tax payment can attract interest from day one and separate penalties. The new late-payment penalties do not apply to payments on account, but interest can. Speak to us early if cash is tight. Keep self-employed tax records for at least 5 years after the normal 31 January filing deadline; exceptions can require longer.

CHECK THE RULES Year-end adjustments · The final tax return · Payments on account · MTD penalties and first-year rules · How long to keep business records

05 / GET READY WITH SBX

Agree the setup once. Keep a simple routine.

Before starting, confirm which records, updates and year-end work your SBX service includes.

Your part	SBX's part, where agreed
Send recent tax returns, your personal UTR and NI number, and details of all trades and rental properties.	Check your start date, qualifying income, income sources and possible exemptions.
Complete the authorisation steps and give us the agreed software access. Never send your HMRC password.	Confirm MTD sign-up and the correct agent/software permissions. Agree the software and update periods.
Upload records regularly and answer queries before the agreed cut-off.	Prepare or review the records and send the required updates, according to your service package.
Send wider personal tax information, approve the final return and arrange tax payment.	Complete the year-end tax work and explain amounts and payment dates.

Could you be exempt?

Exemption may apply where it is not reasonable or practical to use digital tools because of disability, age-related difficulties, religious beliefs or lack of suitable connectivity. **Apply where required; do not assume exemption.**

There are also specific automatic or temporary exemptions. Tell us about missing NI details, trust income, residence/foreign-income pages, foster care or other unusual circumstances. The rules vary by year.

What if things change?

A lower-income year does not automatically let an existing user leave. The usual income-based exit needs **three consecutive years at or below the relevant threshold** and an opt-out step.

Tell us before starting or stopping a trade, adding rental income, moving abroad or incorporating. New income sources and first-year businesses have specific start rules. Do not just stop submitting.

YOUR NEXT STEP

Contact our office or your account manager.
info@sbxaccountants.com | **020 7046 1730**

MTD sign-up can be completed by you, your authorised agent or, in some cases, HMRC. We still need to confirm the actual setup. This guide reflects rules checked on 19 September 2026; tell us about unusual accounting dates or jointly owned property so we can check the appropriate simplifications.

CHECK THE RULES Sign-up and authorisation · Choosing compatible software · Exemptions · New businesses, changes and opting out · Digital record keeping