

## Making Tax Digital for Income Tax - Are You Ready?

### 2.9 million individuals will be affected

The government is pressing ahead with Making Tax Digital (MTD) for Income Tax - and it will affect many sole traders and landlords over the next few years.

Here's what's changing, when it's changing, and how to get ready.

### What is MTD for Income Tax?

Under MTD, sole traders and landlords whose "qualifying income" is above a certain level will need to:

- / Keep digital business records
- / Use HMRC-approved software to send quarterly updates
- / Submit an annual final declaration

"Qualifying income" basically refers to your total gross income from self-employment and property in a tax year, before expenses.

### Who Will Be Affected and When?

HMRC have released statistics showing how many will be impacted by the introduction of MTD. Their figures are based on the 2023 to 2024 tax year.

The rollout is happening in stages, as follows:

Qualifying Income	When MTD Becomes Mandatory	Number of People Affected
Over £50,000	6 April 2026	Around 864,000
£30,000 – £50,000	6 April 2027	Around 1,077,000
£20,000 – £30,000	6 April 2028	Around 975,000

In total, about 2.9 million individuals will eventually need to follow the MTD rules.

### Are You Ready?

The requirement to send quarterly updates means that you will need to keep up to date with your bookkeeping. Doing it all after the year-end will no longer be an option.

The need to use software will also mean that keeping paper records of your income and expenses will no longer be sufficient.

HMRC's latest figures show that software use is common but not universal:

- / Over £50,000 income: 63% already use commercial software
- / £30,000–£50,000 income: 49% use software
- / £20,000–£30,000 income: 48% use software

### **What You Need to Do Now**

1. Check your qualifying income - add up your total gross self-employment and property income for the year.
2. Review your record-keeping - paper records won't be allowed.
3. Consider software options - cloud accounting tools make quarterly submissions easier and keep you compliant.

Don't wait until the deadline. Switching to digital record-keeping now means you can get comfortable with the software and avoid last-minute headaches.

If you'd like some personalised advice, please get in touch with us. We can help you choose the right software and show you how to use it. If you'd prefer to stay away from software altogether, we can also provide a bookkeeping service.

Whatever the case, we'll work with you to make the transition smooth and stress-free so when MTD arrives, you're already ahead of the game.