

More time to prepare for Making Tax Digital for Income Tax Self-Assessment

The mandatory use of software for Making Tax Digital for Income Tax Self-Assessment is being phased in from April 2026.

Making Tax Digital (MTD) for Income Tax Self-Assessment (ITSA) was due to be phased in from April 2024. However, the government, recognising the current economic environment and the significant change that a transition to Making Tax Digital represents, has pushed this back to April 2026. In addition, the previously announced £10,000 threshold for self-employment and property income has been raised, as detailed below.

Under MTD for ITSA, businesses, self-employed individuals, and landlords will keep digital records, and send a quarterly summary of their business income and expenses to HMRC using MTD-compatible software. In response, they will receive an estimated tax calculation based on the information provided to help them budget for their tax. At the end of the year, they can add any non-business information and finalise their tax affairs. This will replace the need for a Self-Assessment tax return.

Making Tax Digital from April 2026

From April 2026, self-employed individuals and landlords with an income of more than £50,000 will be required to keep digital records and provide quarterly updates on their income and expenditure to HMRC through MTD-compatible software.

Making Tax Digital from April 2027

Those with an income of between £30,000 and £50,000 will need to do this from April 2027. Most customers will be able to join voluntarily beforehand, meaning they can eliminate common errors and save time managing their tax affairs.

Income below the £30,000 threshold

The government has also announced a review into the needs of smaller businesses, particularly those under the £30,000 income threshold. The review will consider how MTD for ITSA can be shaped to meet the needs of these smaller businesses and the best way for them to fulfil their Income Tax obligations. It will also inform the approach for any further rollout of MTD for ITSA after April 2027.

Mandating of MTD for ITSA will not be extended to general partnerships in 2025 as previously announced.

See: [Government announces phased mandate of Making Tax Digital for ITSA - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/government-announces-phased-mandation-of-making-tax-digital-for-itisa)