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FREE GUIDE | UPDATED NOV 2026

Making Tax Digital

What sole traders and landlords need to do before April 2027



If you're self-employed or you rent out property, the way you report your income to HMRC is changing. If your self-employment and property income is over £30,000, it changes on **6 April 2027**. This guide explains what's happening and what to do now, without the jargon.

What is Making Tax Digital?

Making Tax Digital for Income Tax (MTD) means you must keep your income and expenses records digitally, and send HMRC a short summary every three months, instead of doing everything once a year in your Self Assessment return.

It started on 6 April 2026 for people earning over £50,000. The next group joins on 6 April 2027.

Does it apply to me?

It depends on your **qualifying income**. That's your gross income from self-employment and property, before you take off any expenses or allowances.

Qualifying income	HMRC checks your return for	When you start
Over £50,000	2024/25	Already in, since 6 April 2026
Over £30,000	**2025/26**	**6 April 2027**
Over £20,000	2026/27	From 6 April 2028

A few useful points:

- Only self-employment and property income count towards the threshold. Wages from a job don't.
- Self-employment and property income are added together. £25,000 from your business plus £7,000 in rent puts you over £30,000.
- HMRC works this out from the tax return you filed for the earlier year (2025/26 for the April 2027 start), not from what you're earning right now.
- Some people are exempt, for example if it isn't reasonable for you to use digital tools. If that might be you, you can apply to HMRC.

> **OWL TIP**
> HMRC is writing to people it thinks are affected, but don't wait for a letter. Check your own figures.

What will I actually have to do? Four things.

1. **Keep digital records** of every sale and expense through the year. A notebook or a shoebox of receipts won't do any more.
2. **Use compatible software** to send HMRC an update each quarter. This can be accounting software, or a spreadsheet linked to HMRC through "bridging" software.
3. **Send four quarterly updates** summarising your income and expenses.
4. **Finish with your tax return.** After the tax year ends, you confirm your full-year figures and complete your tax return through your software (HMRC calls this the "final declaration") by 31 January. For 2027/28, that's 31 January 2029.

Each update is **cumulative**: it covers everything from 6 April up to the end of that quarter, not just the latest three months. The first one for 2027/28 is due **7 August 2027**.

UPDATE 1	UPDATE 2	UPDATE 3	UPDATE 4
Covers 6 Apr to 5 Jul	Covers 6 Apr to 5 Oct	Covers 6 Apr to 5 Jan	Covers 6 Apr to 5 Apr
Due 7 Aug	**Due 7 Nov**	**Due 7 Feb**	**Due 7 May**

The quarterly updates are a summary, not a tax bill. Your tax is still worked out at the end of the year, and you can correct earlier figures in a later update. If month-ends suit you better, you can choose calendar quarters instead (1 April to 30 June, and so on). The deadlines stay the same.

What should I do now?

You have time, but not loads. Here's a sensible order:

1. **Check your qualifying income** from your 2025/26 tax return. If it's over £30,000, you may need to join MTD from April 2027.
2. **Sign up on GOV.UK** if HMRC says you need to. Find out whether you're affected and register.
3. **Choose how you'll keep records.** Accounting software, or a spreadsheet plus bridging software. Either way, it must be MTD-compatible.
4. **Start keeping digital records now**, well before April, so the habit is in place when it counts.
5. **Decide who's doing it.** You can do it yourself, or hand it to a bookkeeper.

Common worries

"Can I still use a spreadsheet?" Yes, but you can't send the quarterly update from a spreadsheet alone. You need bridging software to connect it to HMRC.

"What if I miss a deadline?" HMRC uses a points system: each late update earns a point, and four points brings a £200 penalty. The good news is that if you join in April 2027, you won't get penalty points for late quarterly updates in your first year (2027/28). The updates are still compulsory though, and late tax returns and late payments can still be penalised.

Want us to handle it for you?

Your business sleeps. The owl clocks in.

At Do the Books, we keep your records up to date, prepare your quarterly updates and make sure nothing gets missed, so you can get on with running your business.

Get in touch at dothebooks.co.uk for a free, no-obligation chat about where you stand and what you need before April 2027.