

UK MTD for ITSA Survival Kit

A plain-English guide to surviving Making Tax Digital for Income Tax Self Assessment, written for the sole trader or landlord who is now in scope and has not started.

What you are now legally required to do

If your gross income from self-employment OR property OR both crossed £50,000 in the 2024 to 2025 tax year, you were enrolled in MTD for Income Tax from 6 April 2026. That changes three things:

1. Keep digital records of every income and expense item, in MTD-compatible software. Spreadsheets only count if bridged to compatible software.
2. File a quarterly summary to HMRC, four times a year, in addition to the annual Self Assessment.
3. Use the Final Declaration to confirm year totals by 31 January, replacing the old SA100 process.

Your 2026 to 2027 deadlines

QUARTER ENDS	SUBMISSION DUE	COVERS
5 July 2026	7 August 2026	6 April to 5 July
5 October 2026	7 November 2026	6 July to 5 October
5 January 2027	7 February 2027	6 October to 5 January
5 April 2027	7 May 2027	6 January to 5 April
Final declaration	31 January 2028	Whole year

You can elect calendar quarters (April to March end-dates) instead. Both are HMRC-accepted, calendar quarters tend to align better with VAT cycles.

Year-1 grace, what is and is not relaxed

HMRC announced a softening for the April 2026 mandated cohort on the **late-submission** side: the first four quarterly updates do **not** attract penalty points (deadlines 7 Aug 2026, 7 Nov 2026, 7 Feb 2027, 7 May 2027).

Nothing else is relaxed.

- Soft-landing applies to quarterly updates only, not the Final Declaration. A late Final Declaration on 31 January 2028 still attracts a penalty point.
- Late-payment penalties apply in full from day 1. First charge triggers 30 days after due date as a percentage of balance outstanding. A second charge runs daily from day 31. Daily interest runs from day one of any unpaid balance.
- Year 2 (April 2027 onwards) is not yet confirmed as in-scope. Operate as if it is not.

Your 7-step action list

TODAY (30 MINUTES)

1. Confirm whether you crossed £50,000 gross from self-employment + property in 2024 to 2025. Bank statements + property income summary will tell you in 10 minutes. Check your latest SA302 if unclear.
2. If yes, you are mandated. If under, voluntary sign-up is available. Mandatory threshold drops to £30,000 from April 2027 and £20,000 from April 2028.

THIS WEEK

3. Pick MTD-compatible software. Free options: HMRC's basic-records app (limited), FreeAgent (free with NatWest/RBS/Mettle business banking). Paid: QuickBooks Self-Employed (~£10/mo), Xero. Bridging tools let you continue spreadsheets if you prefer.
4. Sign up for MTD via your HMRC online account. Path: Self Assessment > Making Tax Digital for Income Tax > Sign up. You need your UTR, NI number, and start date.

THIS QUARTER (BEFORE 7 AUG 2026)

5. Set a recurring 4-times-a-year diary block. Quarter end + 33 days. Treat as non-negotiable.
6. Get records caught up to 6 April 2026, or your latest year-end if you elected calendar quarters. Past data does not need re-entering, only forward.
7. Submit Q1 (or your first elected quarter) using your chosen software. Most walk you through the 1-screen submission.

What HMRC actually wants in each quarterly submission

A summary, not a full return. Software handles the format. Fields are total income per source (self-employment, UK property, foreign property if applicable) and total allowable expenses by category (admin, premises, vehicle, repair, professional fees, finance, depreciation). Annual adjustments (capital allowances, balancing payments, private use add-backs, accountant adjustments) get made at the End of Period Statement and Final Declaration in January 2028.

Common mistakes that bite year 1

- Treating the quarterly as a full tax return, it is not, it is a totals summary.
- Forgetting the 7th-of-the-second-month rule (Q1 ends 5 July, due 7 August, not 5 August).
- Mixing two trades into one MTD record-set, each trade requires its own.
- Not keeping property income separate from self-employment income.
- Switching software mid-year without exporting bridging data, gaps in the digital record chain trigger compliance flags.
- Assuming the soft-landing covers payment penalties (it covers late-submission points on the first four quarterly updates only).

The 60-second self-check

Tick five of these honestly and you are in shape for Q1:

- I know whether I am mandated (or volunteering)
- I have signed up for MTD via HMRC online
- I have picked my software and connected my bank
- I have a recurring diary block 4 times a year

Three or fewer: pause and start with step 1 of the action list.

Four to six: you are 90 minutes from sorted.

All seven: you do not need this kit.

When you absolutely need an accountant

- Foreign income or non-resident status
- CIS (Construction Industry Scheme) deductions to reconcile
- You operate through a partnership AND as a sole trader
- Gross income over £150,000 (Final Declaration interactions with PAYE thresholds get complex)
- You have not done a Self Assessment in the last three years and are catching up

For everyone else, the right software plus this kit replaces a £300 to £600 annual accountant bill.

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