

FOR UK SOLE TRADERS AND LANDLORDS WITH £50K PLUS GROSS INCOME

The 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.

01 · WHAT YOU ARE NOW LEGALLY REQUIRED TO DO

Three things changed on 6 April 2026.

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.

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.

02 · YOUR 2026 TO 2027 DEADLINES

Four quarterlies plus a Final Declaration.

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.

03 · YEAR 1 GRACE, WHAT IS AND IS NOT RELAXED

The first four quarterlies do not earn penalty points.

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

Nothing else is relaxed.

- The 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 the due date as a percentage of the 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 for the soft landing. Operate as if it is not.

04 · YOUR SEVEN STEP ACTION LIST

Today, this week, this quarter.

TODAY (30 MINUTES)

1. Confirm whether you crossed £50,000 gross from self employment and property in 2024 to 2025. Bank statements and 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 / month), 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 plus 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 one screen submission.

05 · WHAT HMRC ACTUALLY WANTS EACH QUARTER

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.

06 · COMMON MISTAKES THAT BITE YEAR 1

Six gotchas worth knowing now.

- 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 needs its own record set.
- Not keeping property income separate from self employment income.
- Switching software mid year without exporting bridging data, gaps trigger compliance flags.
- Assuming the soft landing covers payment penalties, it covers late submission points only.

07 · WHEN YOU ABSOLUTELY NEED AN ACCOUNTANT

Five situations where the kit is not enough.

- 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.

The 60 second self check.

Tick five of these honestly and you are in shape for Q1: you know whether you are mandated, you have signed up via HMRC online, you have picked software and connected your bank, a recurring diary block exists 4 times a year, you know which categories your expenses fall into, you know your UTR off the top of your head, you have a backup of your records outside the software. Three or fewer: pause and start with step 1. Four to six: ninety minutes from sorted. All seven: you do not need this kit.