Making Tax Digital (MTD) - Information Sheet

The information below was published by HMRC following the Webinars which it ran explaining the new MTD for Income Tax scheme, in Spring 2025

Overview

Making Tax Digital (MTD) is a government initiative aimed at modernising the UK tax system. This guidance applies only to individuals who are self-employed or have income from UK or foreign property. It **does not** apply to Limited Companies.

Qualifying income includes income from:

- Self-employment
- UK property
- Foreign property

Non-qualifying income such as PAYE, pensions, or dividends does not count towards the MTD threshold but will still be included in your overall tax return.

Note: Qualifying income is assessed on a gross basis (i.e. turnover, not profit).

MTD Thresholds and Start Dates

If your combined income from self-employment and property exceeds the thresholds below, you must comply with MTD from the applicable date:

- Over £50,000 - Join from April 2026

- Over £30,000 - Join from April 2027

- Over £20,000 - Join from April 2028

Once you are mandated to join MTD, you are required to remain in the service for a minimum of 3 years, even if your income drops below the threshold.

For official guidance, visit:

Find out if and when you need to use Making Tax Digital for Income Tax - GOV.UK

Quarterly Updates & Annual Tax Return

Each quarter, you must submit income and expenditure details, including at minimum:

- Date of transaction
- Amount
- Category
- Description (optional)

Annual Return

The Self Assessment tax return is still due by 31 January each year. Annual tax payments are made at this time, not quarterly.

There are no changes to the Payment on Account system.

MTD-Compatible Software

You must use approved software to comply with MTD requirements. There are both free and paid options available.

To find compatible software, visit:

Find software that works with Making Tax Digital for Income Tax - GOV.UK