

UK Making Tax Digital for Income Tax: April 2026 Readiness Guide for Accounting Firms

For UK accounting firms · 14 October 2026 · By Keshav Bansal, CA

Making Tax Digital (MTD) for Income Tax became mandatory on 6 April 2026 for the first group of sole traders and landlords. This guide brings together what HMRC has published so UK accounting firms can check where each client stands, use the 2026/27 soft-landing year well, and prepare for the April 2027 expansion.

1. Who is in scope

From	Qualifying income over	Based on
6 April 2026	£50,000	2024/25 Self Assessment return
6 April 2027	£30,000	2025/26 Self Assessment return
6 April 2028	£20,000	2026/27 Self Assessment return

- **Qualifying income** is gross income (turnover/rent before expenses) from self-employment and UK and foreign property combined. Employment income, dividends and partnership profit shares are not counted.
- A client with £30,000 of trading turnover and £25,000 of rent is in scope from April 2026 even though neither source alone exceeds £50,000.
- Exemptions exist, including for the digitally excluded and certain specified categories. Partnerships are not yet required to join.

2. What clients must do

- Keep digital records of business and property income and expenses in MTD-compatible software (or bridging software from spreadsheets).
- Send a quarterly update for each business and property income source. Deadlines: **7 August, 7 November, 7 February and 7 May**.
- Submit the tax return through the software by **31 January** after the end of the tax year (31 January 2028 for 2026/27), and pay any tax due by the same date.
- Correct errors in the next update or the return, through the software.

3. Penalties: the 2026/27 soft landing

- ❑ **No penalty points for late quarterly updates in 2026/27.** Updates must still be sent before the tax return can be filed.
- ❑ From 2027/28, each missed quarterly deadline earns one point. At 4 points a £200 penalty is charged, plus £200 for each further missed deadline. Points expire after 24 months if the threshold is not reached.
- ❑ Late tax returns and late payments are still penalised in 2026/27. HMRC's guidance gives the late payment rates and first-year easements.
- ❑ The old Self Assessment penalties still apply to the 2025/26 return due 31 January 2027.

4. Practice readiness checklist

- ❑ **Segment your book:** list every sole trader and landlord client with qualifying income from their 2024/25 and 2025/26 returns, and flag those over £50,000, £30,000 and £20,000.
- ❑ **Sign up and authorise:** make sure mandated clients are signed up through your agent services account and that you are authorised for MTD for Income Tax. HMRC began signing up remaining mandated customers from September 2026.
- ❑ **Check the first updates:** confirm the 7 August 2026 update was sent for each mandated client, and catch up any missed ones before 7 November 2026.
- ❑ **Choose software and workflow:** agree a software stack, decide whether clients or your team keep records, and set a monthly or quarterly bookkeeping rhythm so updates are not a scramble.
- ❑ **Engagement letters and fees:** update scope for quarterly work and record-keeping support.
- ❑ **Plan for April 2027:** the £30,000 group will be much larger. Start onboarding them in the 2026/27 year.
- ❑ **Capacity:** model the quarterly peak workload and decide what work to keep in-house and what to outsource.

Sources

- GOV.UK: [Check if you're eligible for Making Tax Digital for Income Tax](#)
- GOV.UK: [Penalties for Making Tax Digital for Income Tax](#)
- GOV.UK: [436,000 sole traders and landlords make their tax digital \(HMRC news\)](#)
- GOV.UK: [Find software that's compatible with MTD for Income Tax](#)
- legislation.gov.uk: [The Income Tax \(Digital Obligations\) Regulations 2026: Explanatory Memorandum](#)

General information for accounting professionals, current as of 14 October 2026. Not tax or legal advice. Check HMRC guidance for each client's circumstances.

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