



cottons group

MTD FOR IT
NAVIGATOR
YOUR COMPLETE MTD TOOLKIT



MTD for Income Tax - FAQs



MTD for Income Tax: FAQs for clients

1. What is Making Tax Digital for Income Tax (MTD for IT)?

MTD for IT is a new HMRC rule that will change how you report your business or property income. Instead of a yearly self assessment return, you'll need to keep digital records and send updates to HMRC every quarter.

[Learn More](#)

2. Do I have to follow the new rules?

That depends on how much you earn from self-employment or property income:

- From **April 2026**, if you earn over **£50,000**
- From **April 2027**, if you earn over **£30,000**
- From **April 2028**, if you earn over **£20,000**

[See deadlines and important dates](#)

3. What exactly do I have to do under MTD for IT?

You'll need to:

- Keep **digital records** of your income and expenses
- Send **quarterly updates** to HMRC
- Submit a **final declaration** at the end of the tax year (instead of a self assessment return)

[Find out more](#)

4. Do I still need to submit a self assessment tax return?

No. Once you're under MTD for IT, you won't need to do a self assessment return for income - that's included in MTD reporting. Instead, you'll send regular updates and a final declaration.

5. What kind of records do I need to keep?

You'll need to keep **digital records** of all income and expenses related to your business or property.

This includes dates, amounts, and categories of transactions.

[Learn more](#)

6. Do I need special software?

Yes. You'll need to use **HMRC-recognised software** (like Xero) to keep your records and send updates to HMRC.

[See Xero's solution](#)

7. I don't use software at the moment — what should I do?

Don't worry — we'll help you choose the right software and get set up. Xero is user-friendly and designed for people with little to no accounting experience.

8. Will this mean more work for me?

There may be a bit more to do at first, especially while getting used to the new system. But, with the right software and support, it can actually help you stay organised and understand your tax position better throughout the year. This gives you more value, and saves time in the long run.

9. What happens if I don't follow the rules?

HMRC will apply penalties for non-compliance. But, right now, the focus is on helping people transition smoothly. Starting early and getting support will help avoid issues.

10. How can my accountant help me prepare?

Your accountant can guide you through every step — from choosing software and training, to submitting updates and staying compliant. If you're unsure what to do next, just get in touch.

+ * Get access to more MTD guides and expert resources to help you prepare. *



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