MTD for Income Tax – Landlords

This is compulsory from April 2026.

It applies if you have Rental Income or Rental Income and Self Employment Income that exceeds £50000. If it Exceeds £30000 your start date will be April 2027 and if it exceeds £20000 your start date will be April 2028.

This is the gross rent not the amount you receive from the letting agent which is normally net of fees.

If you have rental income of £20000 and self-employment Income (this is turnover not profit) £30000, you must comply with these rules.

If you let a property jointly and your share of the rental income exceeds £50000 you will need to do quarterly returns.

If your share is under the £50000 but you have self-employed Income (turnover) that makes you exceed the £50000 you will need to do a return for each.

What it Means

You will have to go to quarterly reporting using a digital method.

If you have a trade (self-employment) and rental income these must be reported separately.

You will have 1 month from the quarter end to submit, these submissions must be made digitally, you cannot key in the figures to the HMRC website.

It is your responsibility to sign up to MTD for Income Tax, there will be penalties if you do not report.

What you need to do

You need to make sure you have a personal government gateway account.

https://www.gov.uk/government/publications/access-our-services-using-government-gateway/use-a-government-gateway-account

I recommend having a separate bank account that you use for just your rental property income. If you also have self employed income I recommend a separate bank account for this too.

You need to keep your rental transactions separate to your personal transactions, this is very important.

You will then need to submit your quarterly return showing your rental Income and expenses quarter.

1st April to 30th June – 5th August

1st July to 30th September – 5th November

1st October to 31st December – 5th February

1st January to 31st March – 5th May

You will still need to file a Self-Assessment Tax Return which is due by 31st January.

So you will be required to do 5 returns per year.

How to prepare – My Recommendations

Set up and use a separate bank account for your letting income and expenses.

Keep a copy of your lettings statements and all your receipts/invoices for amounts spent, keep copies of any mortgage interest paid (your yearly mortgage statement). Keep a mileage log for any mileage that is for business purposes.

How to Report Digitally

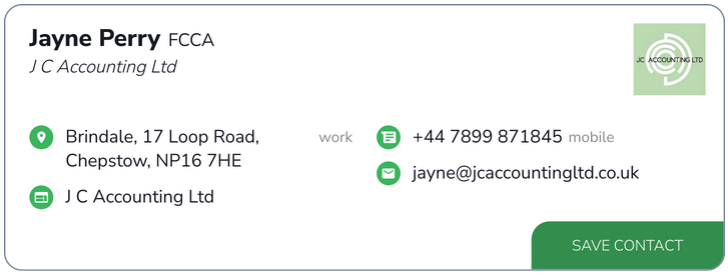
There are lots of offerings on the table. You will have to use some sort of digital product, you cannot simply input things into the HMRC website.

As a practice we will be using Sage for the clients that ask us to complete their quarterly returns. Please contact us for a quotation for supply of software and completion of your bookkeeping and quarterly reports.

What you need to do next

Do not ignore this and leave it to the last minute, if you want help and advice please do not leave it until the first return is due as we may not have the capacity to help you.

Please get in touch to book a meeting to discuss your requirements.



Making Tax Digital: Further Information

For more information about Making Tax Digital, please visit the official campaign website at makingtaxdigital.campaign.gov.uk.