



## **MTD for Income Tax – Self Employed**

### **This is compulsory from April 2026.**

It applies if you have Self Employed 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.

### **If you are a CIS subcontractor this is self-employment.**

This is the amount you invoice.

If you have rental income of £7000 and self-employment Income (this is turnover not profit) £43000, you must comply with these rules.

### **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 self-employed income. If you also have rental income I would recommend a separate bank account for this too.

You need to keep your self-employed transactions separate to your personal transactions, this is very important.

You will then need to submit your quarterly return showing your self-employed Income and expenses the quarter.

### **Quarter end dates**

1<sup>st</sup> April to 30<sup>th</sup> June – 5<sup>th</sup> August

1<sup>st</sup> July to 30<sup>th</sup> September – 5<sup>th</sup> November

1<sup>st</sup> October to 31<sup>st</sup> December – 5<sup>th</sup> February

1<sup>st</sup> January to 31<sup>st</sup> March – 5<sup>th</sup> May

There is then a End of period Statement (EPOS) which is due by 31<sup>st</sup> January.

Separate statements are required for each trade or property business.

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

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

### **How to prepare**

Set up and use a separate bank account for your self-employed income and expenses.

Keep a copy of your sales invoices and all your receipts/invoices for amounts spent

### **How to Report Digitally**

We recommend having a digital copy of your Sales Invoices, they must show the date of supply, the value of the supply. We recommend creating your sales invoices in the software you are going to report out of.

We recommend having a digital record of you purchase invoices, they must show date of supply and value of supply.

The submission has to be completed using digital links.

A digital link in its basic form is the ability to transfer data from one software to another. Copy and Paste is not a digital link.

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](https://makingtaxdigital.campaign.gov.uk).