



COMPLIANCE GUIDE 2026

Making Tax Digital for Income Tax

The Complete UK SME Compliance Pack

£50,000 income threshold from Apr 2026	4 x / year quarterly updates instead of 1	Apr 2027 next threshold: £30,000 income	£200 fine when penalty threshold reached
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Everything a UK sole trader or landlord needs to know

Am I affected? · What do I need to do? · Which software? · What are the penalties? · 30+ real Q&A scenarios

No jargon. No filler. Just the answers you actually need.

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Before you read — key facts at a glance

Who must comply from 6 April 2026: Sole traders and landlords whose total gross income from self-employment and/or property exceeded £50,000 in the 2024–25 tax year.

Who is NOT affected yet: Limited companies, general partnerships, those with gross qualifying income below £50,000.

Threshold is gross income — not profit. If your turnover is £55,000 but your profit after expenses is £30,000, you are still in scope.

Soft landing in 2026–27: HMRC will not issue penalty points for late quarterly submissions in the first year. Late payment penalties still apply.

Sign up is not automatic. HMRC will write to you if you are in scope — but you should check your own status proactively.

01

Are You Affected? The Eligibility Check

Making Tax Digital for Income Tax (MTD ITSA) is the biggest change to how self-employed people and landlords report income to HMRC since Self Assessment was introduced. But not everyone is affected at the same time — and the rules for who is in scope are more nuanced than HMRC's headline figure suggests.

The Three-Phase Rollout

Phase	Start Date	Who Is Affected	Threshold	Notes
Phase 1	6 April 2026	Sole traders & landlords	Over £50,000	← This guide — immediate priority
Phase 2	6 April 2027	Sole traders & landlords	Over £30,000	Prepare now
Phase 3	6 April 2028	Sole traders & landlords	Over £20,000	Future
Partnerships	TBC	General partnerships	TBC	Date not yet confirmed
Ltd companies	Separate	Limited companies	Corporation Tax	Separate scheme

The Critical Distinction: Gross Income, Not Profit

HMRC uses your gross turnover — not your taxable profit.

If your invoices or rental income total £55,000 but your expenses bring taxable profit down to £30,000, your qualifying income is £55,000. You are in scope from April 2026.

This catches sole traders with high revenue and high costs — tradespeople, freelancers with significant equipment expenses, landlords with mortgage costs and agent fees.

How to Calculate Your Qualifying Income

Your qualifying income is the total of:

- Gross income from all self-employed businesses (before deducting expenses)
- Gross property income (rent received before deducting mortgage interest, repairs, agent fees, etc.)
- If you have multiple sole-trader businesses, add all their turnovers together
- If you are both a sole trader and a landlord, add both figures together

What is NOT included in qualifying income:

- PAYE employment income (your salary from an employer)
- Dividend income from shares or investments
- Savings interest and bank interest
- Pension income
- Capital gains

Real-Life Eligibility Scenarios

Scenario	Status	Explanation
Builder — £62,000 invoices, £31,000 in costs	✓ IN SCOPE — April 2026	Qualifying income = £62,000 gross turnover. Expenses are irrelevant to the threshold test.
Landlord — £54,000 rent, £18,000 profit after costs	✓ IN SCOPE — April 2026	Qualifying income = £54,000 gross rental income. Mortgage costs, repairs and fees are not deducted.
Freelancer — £34,000 self-employed + £22,000 rental	✓ IN SCOPE — April 2026	Combined qualifying income = £56,000. Both sources are added together.
Freelancer — £42,000 self-employed + £30,000 PAYE	✗ NOT IN SCOPE — April 2026	PAYE income is excluded. Qualifying income = £42,000. Will enter MTD April 2027.
Sole trader — £28,000 turnover, no property income	✗ NOT IN SCOPE — April 2026	Qualifying income = £28,000. Brought in when threshold drops to £20,000 in April 2028.

Not sure? Use HMRC's official eligibility checker:

gov.uk/guidance/check-if-youre-eligible-for-making-tax-digital-for-income-tax

This tool asks about your income sources and gives a definitive answer. Screenshot the result for your records.

02

What Actually Changes (and What Doesn't)

The shift to MTD ITSA is not just an administrative tweak. It fundamentally changes the rhythm of how you manage your finances throughout the year.

What Changes

Digital record-keeping becomes mandatory

You can no longer keep income and expense records on paper alone. Records must be kept in HMRC-compatible software or a spreadsheet linked to bridging software. Every transaction must have a digital record.

Four quarterly updates per year instead of one annual return

Between 6 April 2026 and 31 January each year, you will submit four quarterly summaries of income and expenses to HMRC. These are not mini tax returns — they are category-level summaries. The first quarterly deadline is 7 August 2026.

A Final Declaration replaces the traditional Self Assessment return

After your fourth quarterly update, you will submit a Final Declaration by 31 January. This consolidates your full year's income, allowances and tax position. You still need to declare other income sources here.

Your accountant's workflow changes significantly

Waiting until January with a box of receipts is no longer workable. You will need to share data with your accountant more regularly — four times a year rather than once.

Software must be HMRC-recognised

You cannot submit quarterly updates through HMRC's website or your existing Personal Tax Account. You must use HMRC-recognised software.

What Does NOT Change

What stays the same	What this means for you
✓ Tax payment dates	Quarterly updates do not mean quarterly tax payments. You still pay by 31 January (balancing payment) and 31 July (payment on account) — exactly as today.
✓ How much tax you owe	MTD changes how you report income — it does not change how your tax is calculated, which allowances you can claim, or how much you ultimately owe.
✓ The final deadline	31 January remains the deadline for your Final Declaration, same as the existing Self Assessment deadline.
✓ Your ability to use an accountant	Your accountant can handle everything within the MTD system on your behalf, just as they do today.

The honest upside — if you set it up right

If you connect your business bank account to MTD-compatible software with automatic transaction feeds, you will have a running estimate of your tax bill all year. No January surprises. No scrambling for 12 months of receipts in one sitting.

Many accountants report that clients who adopt cloud accounting properly end up paying less in accountancy fees because the data quality and timeliness improves so significantly.

03

Understanding Deadlines

The quarterly update calendar is the same every year. The UK tax year runs from 6 April to 5 April, giving you four distinct quarters with fixed submission deadlines.

The 2026–27 Quarterly Submission Calendar

Quarter	Period Covered	Submission Rule	2026–27 Due Date	Notes
Q1	6 Apr — 5 Jul 2026	Within 33 days	7 August 2026	← First deadline — act now
Q2	6 Jul — 5 Oct 2026	Within 33 days	7 November 2026	
Q3	6 Oct — 5 Jan 2027	Within 33 days	7 February 2027	
Q4	6 Jan — 5 Apr 2027	Within 33 days	7 May 2027	
Final Declaration	Full year 2026–27	By 31 January	31 January 2028	Replaces Self Assessment return

What Exactly Goes in a Quarterly Update?

A quarterly update is not a mini tax return. It is a category-level summary of income and expenses for that quarter only. HMRC wants totals by category, not a list of individual transactions.

Category type	Examples
Income categories	Turnover (total sales/invoices), other business income
Expense categories	Cost of goods sold, employee wages, subcontractor costs, rent and rates, repairs, travel, telephone, professional fees, advertising, office costs, other allowable expenses

Can I Correct a Mistake in a Quarterly Update?

Yes. Errors can be corrected simply by updating your digital records. The next quarterly submission will automatically reflect the corrected figures. There is no need to amend previous submissions — they are cumulative.

The Soft Landing in 2026–27 — Grace Period Confirmed

Important nuance: HMRC will not issue penalty points for quarterly updates submitted late in 2026–27. But quarterly updates must still be submitted before you can file your Final Declaration.

Late payment penalties still apply. If you owe tax and pay late, you will face the new percentage-based penalties regardless of the soft landing.

Use 2026–27 to build the habit and get your software working correctly. From April 2027, the full penalty points system is live.

04

The Penalty System Explained

MTD ITSA introduces a new points-based penalty system — similar to penalty points on a driving licence. Every missed submission deadline earns one point. Once you reach the threshold, HMRC issues a £200 fine.

How the Points System Works

Filing Frequency	Penalty Threshold	Financial Penalty	Reset Period
Quarterly (MTD ITSA)	4 points	£200 per late filing at/above threshold	12 months of on-time filing
Annual (Final Declaration only)	2 points	£200 per late filing at/above threshold	24 months of on-time filing

Points Expiry and Reset

- If you are below the penalty threshold, points automatically expire after two years.
- If you have reached the threshold, you must complete a 12-month compliance period of on-time filings — plus have all submissions from the previous 24 months up to date — to reset to zero.
- Points for VAT and Income Tax are tracked separately. A late VAT return does not affect your MTD ITSA points.
- If you have multiple businesses, missing the same deadline type for multiple businesses counts as only one point.

Late Payment Penalties — A Completely Separate System

Days Late	Penalty	Notes	Additional
1–15 days	No penalty	Pay within 15 days and there is no financial penalty	
15–30 days	3% of outstanding amount	Calculated on tax still owed at day 15	
Day 16–30	Additional 3% on amount at day 30	Second 3% charge on remaining balance	
31+ days	10% per year (daily from day 31)	Until the full amount is paid	Interest also charged at BoE base rate + 4%

The Record-Keeping Penalty — Up to £3,000

MTD requires a complete digital audit trail. Manually transcribing figures from a spreadsheet into submission software (rather than maintaining a proper digital link) can attract a penalty of up to £3,000.

The safe approach: use properly integrated software from the start.

Three Penalty Scenarios — How This Plays Out

Scenario	Outcome
Freelance designer — misses 2 quarterly deadlines in 18 months	2 penalty points. No financial penalty (below the 4-point threshold). Both points expire after 2 years if no further misses. Cost: £0.
Landlord — misses 4 quarterly deadlines across 2 tax years	Reaches the 4-point threshold on the 4th miss. Receives a £200 penalty. Every subsequent late filing adds another £200. Cost so far: £200+
Consultant — files on time but pays tax 45 days late	Zero penalty points. But faces late payment penalties: 3% at day 15, plus 3% at day 30, plus 10% per year from day 31. On a £10,000 bill: approximately £600–900+ if left for several months.

05

Choosing Your Software

Choosing MTD-compatible software is one of the most consequential decisions you will make in this transition. The right choice saves hours every quarter.

Three Approaches — Which Fits Your Situation?

All-in-One Cloud Accounting

Best for: Most sole traders and landlords.

Tools: Xero, QuickBooks, FreeAgent, Sage, Coconut

How it works: Connects your bank account directly, categorises transactions, generates quarterly totals automatically, and submits to HMRC — all from one place.

Typical cost: £12–30/month

Spreadsheets + Bridging Software

Best for: Those already using a well-organised spreadsheet who do not want to change workflows.

Key requirement: You must maintain a proper digital link — not manually type figures into submission software.

Typical cost: £5–15/month for bridging software

Accountant-Managed

Best for: Those who want to hand everything over to their accountant.

Key requirement: Quarterly cadence means you cannot wait until January to gather everything. Agree a workflow before April 2026.

Cost: Typically bundled into your accountancy fee.

Key Questions Before You Choose Software

Question	Why It Matters
Is it on HMRC's recognised software list?	Only software on the HMRC list can legally submit MTD ITSA updates. Check gov.uk before subscribing to anything.
Does it support the Final Declaration?	Some cheaper tools only support quarterly submission. Your end-of-year Final Declaration requires software that supports the full MTD ITSA workflow.
Can your accountant access it?	If you use an accountant, confirm they can access your chosen software. Most major platforms support accountant login.
Does it handle multiple income sources?	If you have both self-employment and rental income, ensure the software can track them separately and submit separate quarterly updates for each.
What is the bank feed reliability?	Test the bank feed connection before you rely on it. Some banks have better Open Banking integration than others.

Free software options do exist — HMRC maintains a free MTD-compatible software list at gov.uk. Some free tools have limitations (income caps, invoice limits) — check restrictions carefully before committing.

06

Real-World Scenario Q&A

The questions UK sole traders, freelancers, landlords and small business owners are actually asking — in online forums, accountancy sessions, and directly to HMRC. Every answer is based on current HMRC guidance.

Eligibility & Who Is Affected

Q I invoice around £62,000 as a self-employed plumber. My materials and van costs are nearly £30,000 — so my profit is about £32,000. Do I still have to do this?

A Yes, you are in scope from April 2026. The £50,000 threshold is based on your gross turnover (what you invoice), not your profit after expenses. Your qualifying income is £62,000. This is the most common misunderstanding, and it catches a large number of tradespeople and contractors. Start preparing now.

Q I am a landlord. My two properties bring in £54,000 in rent, but after mortgage interest, letting agent fees and repairs, I actually make about £14,000 profit. Am I really affected?

A Yes. The threshold test uses your gross rental income — the rent received before deducting any costs. Your qualifying income is £54,000. Many landlords with modest profit are surprised to find themselves in scope, particularly those with heavily leveraged portfolios.

Q I'm employed full-time earning £45,000 (PAYE) and I do some freelance design work earning £15,000. Do both incomes count?

A No. PAYE employment income is excluded from qualifying income entirely. Your qualifying income is only £15,000 (the freelance income). You are not in scope for April 2026 or April 2027. You would be affected from April 2028 if the threshold drops to £20,000 — which is planned.

Q I have self-employment income of £28,000 and rental income from one flat of £24,000. Combined that's £52,000 — do both count towards the threshold?

A Yes. Self-employment income and rental income are combined when calculating qualifying income. Your total qualifying income is £52,000, which exceeds the £50,000 threshold. You are in scope from April 2026. You will need to submit separate quarterly updates for each income source.

Q I stopped trading in March 2026. Do I still need to sign up for MTD?

A No, if you have permanently stopped trading and will not resume in the 2026–27 tax year, you do not need to sign up. You will continue to file a standard Self Assessment return for the 2025–26 tax year by 31 January 2027.

Q I am in a general partnership with two other people. Does this apply to us?

A Not yet. General partnerships are explicitly outside the scope of the April 2026 MTD rollout. HMRC has confirmed partnerships will be brought in at a future date, but no timetable has been confirmed. Note: if a partner has personal self-employment income above the threshold, that personal income alone may bring them into MTD.

Q My company is a limited company — does any of this apply to me?

A No. Limited companies are not affected by MTD ITSA. This is a personal income tax scheme for sole traders and landlords. Limited companies pay Corporation Tax, which operates under a separate scheme with its own timeline — no mandatory date has been set yet.

Software, Records and Process

Q I've kept my accounts in Excel for 15 years and I'm very comfortable with it. Do I have to switch to cloud accounting?

A You don't have to abandon your spreadsheet entirely, but you cannot use it alone. You will need bridging software — a separate tool that reads your spreadsheet data and submits to HMRC with a proper digital link. The digital link is the key requirement: you cannot manually type figures from your spreadsheet into submission software. Many people find that at this point it becomes easier to simply switch to a cloud accounting tool with bank feeds.

Q What exactly does a 'digital link' mean? I've seen this term everywhere and it's not clear.

A A digital link means data must transfer from one system to another electronically, without manual re-entry at any point. Bank statement to Excel via downloaded CSV to accounting software via import — that is a valid digital link. Looking at a spreadsheet and typing totals manually into submission software — that is not a digital link and is non-compliant.

Q My accountant handles everything. Do I need to do anything, or can I just leave it with them?

A You need to do something, but it may be minimal. First, contact them and confirm they are set up for MTD ITSA. Critically, the quarterly cadence means you will need to provide your income and expense information four times a year rather than once — agree a workflow for how you'll share data. The January scramble won't work anymore.

Q I made an error in my Q1 submission and submitted the wrong total for travel expenses. What do I do?

A Correct it in your digital records. Quarterly updates are cumulative — the next quarter will automatically reflect the correct figures. There is no need to amend or re-file the Q1 submission specifically. HMRC cannot issue inaccuracy penalties for errors in quarterly updates — only the Final Declaration carries that risk.

Q Do I need a separate business bank account for MTD?

A HMRC does not legally require a separate business bank account. However, it is the single most practical step you can take to make MTD work cleanly. With a separate account and a bank feed into your accounting software, business income and expenses populate automatically. Free options from Starling, Monzo Business, Tide and others connect seamlessly to all major MTD-compatible platforms.

Deadlines and Compliance

Q The first deadline is 7 August 2026. That's only a few months away. What if I haven't signed up or set up software yet?

A Act now. HMRC will not sign you up automatically — you need to do this yourself at gov.uk. The sign-up process requires a Government Gateway account and a recent Self Assessment return. This setup can take several days, so do not leave it to the week before. The good news: no penalty points will be issued for the first year's quarterly submissions (2026–27) — but you still need to submit before you can file your Final Declaration.

Q Does quarterly reporting mean I pay tax four times a year now?

A No. This is one of the most persistent myths about MTD. Your quarterly updates are information summaries only — they do not trigger any tax payment. Your actual tax payment dates remain exactly as they are today: 31 January for your balancing payment and first payment on account, and 31 July for your second payment on account.

Q My income has varied a lot — last year was £54,000, the year before was £38,000. Which year does HMRC use to assess my eligibility?

A HMRC uses the income declared on your most recent submitted Self Assessment return. For the April 2026 start date, that is your 2024–25 tax return (submitted by 31 January 2026). If your 2024–25 qualifying income was above £50,000, you are in scope.

Q I'm already on MTD for VAT. Does that mean I'm automatically set up for MTD ITSA?

A No. MTD for VAT and MTD for Income Tax are separate systems with separate sign-ups, separate software authorisations, and separate penalty points tallies. Being compliant with MTD for VAT gives you experience of the digital record-keeping mindset — but it does not carry over. You need to sign up for MTD ITSA specifically.

Q I haven't received a letter from HMRC about MTD. Does that mean I don't have to do it?

A Not necessarily. HMRC has stated that not everyone who is in scope will receive a letter before April 2026. The obligation is yours to check — if your qualifying income exceeded £50,000 in 2024–25, you are legally required to comply regardless of whether you have received correspondence.

Specific Situations and Edge Cases

Q I run two separate sole trader businesses. Do I have separate MTD accounts for each?

A You have one MTD ITSA registration, but you submit separate quarterly updates for each business. Each business is tracked separately. All separate quarterly updates flow into a single Final Declaration at the year end.

Q I'm a sole trader and also a landlord. Do I need to submit separate quarterly updates for each?

A Yes. HMRC requires separate quarterly updates for self-employment income and property income. You cannot combine them into a single submission. However, both sets of quarterly updates feed into a single Final Declaration. Most MTD-compatible software handles this automatically.

Q I have a disability and struggle to use digital tools. Is there an exemption?

A Yes. HMRC has a digital exemption process for individuals who cannot use digital tools due to disability, age, or being located in an area without reliable internet. Exemptions must be applied for proactively at gov.uk. The criteria are relatively strict — a preference for non-digital working does not qualify; there must be a genuine inability.

Q I am self-employed but work entirely in cash. How does this work for MTD?

A Cash income must still be recorded digitally. The source of payment (cash vs bank transfer) is irrelevant to the MTD record-keeping requirement. Every cash sale needs to be entered into your MTD-compatible software at the point of sale or end of each day.

Income, Allowances and Tax Calculation

Q My spouse and I jointly own a rental property. Do we each count the full rental income, or split it?

A For MTD qualifying income purposes, each joint owner counts their share of the rental income. If you own 50/50 and it generates £60,000 gross rent, your qualifying income from property is £30,000. The split must be properly documented — joint owners in a marriage or civil partnership are generally assumed to split 50/50 unless a Form 17 declaration has been made to HMRC.

Q I've heard that the Annual Investment Allowance can reduce my income below £50,000. Does that affect my MTD threshold?

A No. Capital allowances, Annual Investment Allowance, and similar deductions reduce your taxable profit — they do not reduce your qualifying income for MTD threshold purposes. The threshold is always your gross turnover before any expenses, allowances or deductions.

Q

I declare rental income from a holiday let. Does that count as qualifying property income?

A

From April 2025, the furnished holiday let (FHL) tax regime was abolished. Holiday lets are now taxed as standard property income. For MTD ITSA qualifying income purposes, rental income from a holiday let is treated the same as any other rental income — it counts towards your qualifying income total.

07

Your April 2026 Action Checklist

Work through tasks in order. Critical items are marked in red — these are the steps where missing them has direct financial or compliance consequences.

NOW — Do These Immediately (Before April 2026)

- ☐ **Check your qualifying income from your 2024–25 Self Assessment return. Add self-employment turnover + rental income (gross, before expenses). [CRITICAL]**
- ☐ **Use HMRC's eligibility checker at gov.uk to confirm whether you are in scope. [CRITICAL]**
- ☐ **If in scope: sign up for MTD ITSA at gov.uk — do not wait for a letter. [CRITICAL]**
- ☐ **Choose your MTD-compatible software and subscribe. [CRITICAL]**
- ☐ Connect your business bank account(s) to the software via Open Banking bank feed.
- ☐ If using a spreadsheet: identify and set up appropriate bridging software with a digital link.
- ☐ Contact your accountant to confirm their MTD ITSA readiness and agree a workflow for quarterly data sharing.
- ☐ Open a dedicated business bank account if you don't have one (strongly recommended).
- ☐ **Ensure all income from 6 April 2026 is being recorded digitally from day one. [CRITICAL]**

7 August 2026 — First Quarterly Deadline (Q1: 6 Apr — 5 Jul 2026)

- ☐ **Verify your Q1 income and expense totals are complete in your software. [CRITICAL]**
- ☐ Check category totals: sales, materials, travel, professional fees, office costs, etc.
- ☐ **Submit Q1 quarterly update via your software. Confirm submission receipt. [CRITICAL]**
- ☐ Review your running tax estimate — are you setting aside enough?

7 November 2026 — Second Quarterly Deadline (Q2: 6 Jul — 5 Oct 2026)

- ☐ Confirm Q2 bank transactions are all categorised in your software.
- ☐ **Submit Q2 quarterly update and confirm receipt. [CRITICAL]**
- ☐ Check for any uncategorised transactions from Q1 that may need correction.
- ☐ If your income is on track to significantly exceed last year's, consider adjusting Payment on Account with HMRC.

7 February 2027 — Third Quarterly Deadline (Q3: 6 Oct — 5 Jan 2027)

- ☐ Categorise and reconcile Q3 transactions.
- ☐ **Submit Q3 quarterly update and confirm receipt. [CRITICAL]**
- ☐ Gather end-of-year information for the Final Declaration: savings interest, dividend income, pension contributions.
- ☐ Check your tax estimate and ensure you are ready for the 31 January 2027 Payment on Account.

7 May 2027 — Fourth Quarterly Deadline (Q4: 6 Jan — 5 Apr 2027)

- ☐ Categorise and reconcile Q4 transactions.
- ☐ **Submit Q4 quarterly update and confirm receipt. [CRITICAL]**

31 January 2028 — Final Declaration Deadline (2026–27 Tax Year)

- ☐ **Complete your Final Declaration via your MTD software — this replaces your Self Assessment return. [CRITICAL]**
- ☐ **Include all income sources: self-employment, property, dividends, savings interest, PAYE (if applicable), pension income. [CRITICAL]**
- ☐ Claim all allowances: Personal Allowance, pension contributions, Gift Aid, marriage allowance where applicable.
- ☐ **Pay any outstanding tax balance (balancing payment) by 31 January. [CRITICAL]**
- ☐ **Pay your first Payment on Account for the 2027–28 tax year by 31 January. [CRITICAL]**

Set calendar reminders for every deadline now

The most common cause of penalty points is simply forgetting a deadline. Add all four quarterly deadlines and the Final Declaration date to your calendar immediately — with a 2-week advance reminder. Treat them with the same urgency as a tax payment date.

08

Where to Get Help

Official Sources — Always Start Here

Resource	Link & Description
HMRC MTD ITSA Eligibility Checker	gov.uk/guidance/check-if-youre-eligible-for-making-tax-digital-for-income-tax Check definitively whether you are in scope and from when.
HMRC MTD ITSA Sign-Up Service	gov.uk/guidance/sign-up-your-business-for-making-tax-digital-for-income-tax Register for MTD ITSA. Requires Government Gateway login and recent Self Assessment return.
HMRC Recognised Software List	gov.uk/guidance/find-software-thats-compatible-with-making-tax-digital-for-income-tax The definitive list of software HMRC accepts for MTD ITSA submissions.
HMRC Penalty Information	gov.uk/guidance/penalties-for-not-telling-hmrc-about-income Full detail on the points-based system and late payment penalties.
HMRC MTD Campaign Site	makingtaxdigital.campaign.gov.uk Plain-English overview of what MTD means for sole traders and landlords.

When Professional Advice Is Worth It

For most sole traders and landlords, the MTD transition is manageable without professional help — particularly if you adopt good accounting software. However, consider professional advice if:

- Your income straddles the threshold and you are unsure of your status
- You have complex income sources (multiple businesses, overseas income, shared ownership, furnished holiday lets)
- You are behind on Self Assessment returns
- You have received compliance correspondence from HMRC
- You are considering a change in business structure (e.g. incorporating as a limited company)

Community and Peer Support

Resource	What It Offers
r/UKPersonalFinance (Reddit)	Active community of UK taxpayers. Search before posting — many MTD questions have been addressed.
r/UKSmallBusiness (Reddit)	Focused on UK business owners. Practical, no-nonsense advice from fellow sole traders.
HMRC webinars	Search 'HMRC MTD Income Tax webinar' on GOV.UK. Free and authoritative.
Your accounting software support team	Xero, QuickBooks, Sage, FreeAgent and others all offer customer support specifically for MTD setup.

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Important — Please Read

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Tax rules, thresholds, deadlines and penalty regimes can change without notice. Always verify information against current HMRC guidance at gov.uk before making any decisions. When in doubt, seek advice from a qualified accountant, tax adviser, or HMRC directly.

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Sources	HMRC gov.uk: MTD ITSA eligibility, sign-up, software, and penalty guidance · HMRC Autumn Budget 2024 and 2025 penalty announcements · Finance Act 2021 (late submission and late payment penalty regime) · Finance Act 2024 (MTD ITSA provisions) · ICAEW Tax Faculty: MTD for Income Tax penalties analysis · Xero UK: MTD guidance · MoneySavingExpert: MTD sole trader guide · IPSE: MTD for sole traders guidance



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