



HM Revenue  
& Customs

# Get ready for Making Tax Digital for Income Tax

## Agent toolkit



**Making Tax Digital (MTD) for Income Tax** is a new way to report income from self-employment and property to HMRC. It will be introduced in phases from April 2026.

This toolkit is intended to help you prepare yourself and your clients for MTD for Income Tax. You're welcome to use this information to help support your clients.

## Contents

It includes:

- an overview of Making Tax Digital for Income Tax changes
- who is affected
- how agents can get ready
- how accountants and bookkeepers can get their client(s) ready
- join testing voluntarily
- links to MTD for Income Tax guidance
- frequently asked questions (FAQs)
- MTD for Income Tax communication resources for agents and clients

## An overview of MTD for Income Tax changes

### What's happening

If you have clients who are sole traders or landlords with gross income (before expenses and tax are deducted) from self-employment and property of more than £30,000, they will need to use MTD for Income Tax.

MTD for Income Tax will require customers, or their tax agent (this could be a bookkeeper or an accountant) to keep digital records and send quarterly updates of their income and expenses to HMRC, using MTD for Income Tax compatible software. Where customers have kept up-to-date digital records using MTD for Income Tax compatible software, the quarterly updates will be a simple check and send of a report generated by their software.

At the end of the year, when sole traders and landlords file their tax return most of the information for income from self-employment or property will be ready to submit. Information from quarterly updates will be combined with a customer's information on personal income HMRC holds elsewhere, including income from PAYE employment or a pension. Additional personal income HMRC does not hold, such as investment income, can be added at any time during the year. Most users will then need to make adjustments to their business income, and check that their income from all sources is recorded, before confirming that the information they're submitting is correct and complete.

We are also introducing a new penalty regime to support MTD for Income Tax from April 2026. A points-based system will be introduced for late filing and a more proportionate system for late payment. Where a customer misses a quarterly or annual submission obligation, they will receive a penalty point. Once the customer reaches the points threshold, they will receive a financial penalty. New late payment penalties are more proportionate, and charged at different rates based on when the outstanding amount is paid.

## **Who's affected**

Who will legally have to use MTD for Income Tax and when they'll have to start using the system depends on their MTD for Income Tax qualifying income included on their tax return. The qualifying income is the gross income (before expenses and tax are deducted) that sole traders and landlords receive in a tax year from self-employment and property combined. Your clients will need to use MTD for Income Tax:

- from 6 April 2026, if their gross income from these sources totals over £50,000
- from 6 April 2027, if their gross income from these sources totals over £30,000
- from 6 April 2028, if their gross income from these sources is over £20,000.

HMRC will use the qualifying income included on your client's most recent tax return to identify if they will have to start using MTD for Income Tax. For example, customers who have to use MTD for Income Tax from 6 April 2026 will be identified based on their 2024 to 2025 tax return (which has to be submitted by 31 January 2026).

The current annual Self Assessment obligations will not change for those who don't have to join MTD for Income Tax. But if a landlord or sole trader has gross income from self-employment or property of less than £30,000, they can still choose to join MTD for Income Tax voluntarily at any time.

HMRC will send a letter to customers identified as needing to use MTD for Income Tax before April 2026. You and your clients should start preparing for the change now.

There is more information available on [exemptions from Making Tax Digital for Income Tax](#).

Partnerships are not impacted by Making Tax Digital for Income Tax and are unable to register.

## How accountants and bookkeepers can get ready

You should start preparing now as there are a number of steps to complete to make sure you and your clients are ready and confident with the new process ahead of April 2026.

1. Consider what your clients' qualifying income might be for the tax year 2024-25 and 2025-26.
2. Find out if and when your clients need to use MTD for Income Tax based on their qualifying income.
3. Create an agent services account if you don't already have one and add your client authorisations.
4. Get compatible software and speak to your clients about their needs for compatible software.
5. Sign up your clients for MTD for Income Tax.
6. Start using MTD for Income Tax.

By completing the first step of the sign-up process, you can check if your client is eligible to use MTD for Income Tax voluntarily before April 2026. The first step of sign up will check your client data and confirm if and when they can sign up. Signing up early will mean you and your clients can get used to using MTD for Income Tax before it becomes mandatory. If you don't sign up early, you and your clients can still start practicing new ways of digital record keeping by using compatible software now to make it easier for you and your clients to transition to MTD for Income Tax later.

You can find more guidance in the [Making Tax Digital for Income Tax step by step](#) or go to GOV.UK and search 'Making Tax Digital for Income Tax agent step by step'.

As HMRC will not automatically sign up customers for MTD for Income Tax, you can use your clients' qualifying income to decide who will need to use it from April 2026 when completing their 2024-25 tax returns. Any customers that are signed up in advance won't need to be signed up again.

## How accountants and bookkeepers can get their client(s) ready

As well as preparing yourself you might want to think about how you can get your client(s) ready for MTD for Income Tax and prepare yourselves to answer their questions. This will range from signposting them to the latest information to help them understand the change, through to encouraging them to take actions so they're ready to work in a new way with you. This might include your clients changing how they keep their records, getting and starting to use new software early, or opening a business bank account, but it will depend on their circumstances and how you choose to work.

You will have to use commercial software that works with Making Tax Digital for Income Tax. When choosing software, you should think about your specific needs, for example, whether you want to keep using your record-keeping software.

We've produced some helpful resources for you to use with your client(s). These can be found at the end of this document.

## Join testing voluntarily

You may be able to sign up for the 2025-26 tax year now and start using Making Tax Digital for Income Tax straight away. This is the best way to help you get ready and test the service. It means you'll have:

- more time to get used to the changes
- exclusive access to HMRC's Making Tax Digital Customer Support Team, who will support you with Making Tax Digital for Income Tax and help you with some of your registered clients' other income tax queries.

To find out more, go to GOV.UK and search 'sign up voluntarily for Making Tax Digital for Income Tax'.

If you sign up for testing of the MTD for Income Tax service now, you'll build your understanding of and confidence in using the new systems and processes early. Throughout the whole testing period, you will have access to HMRC's dedicated MTD Customer Support Team for customers who are taking part in testing. They will help you and your clients who are in MTD for Income Tax testing with any questions about MTD for Income Tax, and provide support with some of your clients' other tax affairs.

You can sign clients up in four steps:

7. Read the [eligibility criteria](#) and consider which clients you can sign up now. When signing up, you'll be asked some questions to confirm whether your client is eligible.
8. Speak to your clients before you sign them up for testing to check they're happy to take part. You should also check if they have or can get record keeping software that is suitable and compatible with MTD for Income Tax.
9. Ensure that you have MTD for Income Tax compatible software ready to submit returns on behalf of your clients. Before signing up, check the available software options on GOV.UK and contact your chosen provider. They will provide you with guidance about their MTD for Income Tax testing onboarding process.
10. Sign up your clients.

Visit [gov.uk/guidance/sign-up-your-client-for-making-tax-digital-for-income-tax](https://gov.uk/guidance/sign-up-your-client-for-making-tax-digital-for-income-tax) or go to GOV.UK and search **sign up your client for MTD for Income Tax** to find out more and sign up.

## Links to MTD for Income Tax guidance

If you've got a paper copy of the toolkit, go to **GOV.UK** and search for the page title to find the content you're interested in.

### Take part in testing and sign up to Making Tax Digital for Income Tax

- [Making Tax Digital for Income Tax as an agent: step by step](#)
- [Making Tax Digital for Income Tax for individuals: step by step](#)
- [Find out if and when you need to use Making Tax Digital for Income Tax](#)

### Software choices

- [Find software that works with Making Tax Digital for Income Tax](#)

### Penalty reform

- [Penalties for Income Tax Self Assessment volunteers](#)
- [Penalties for late submission](#)
- [Penalties for late payment](#)

### Using Making Tax Digital for Income Tax

More information about:

- [use Making Tax Digital for Income Tax](#)
- [before you sign up](#)
- [create digital records](#)
- [send quarterly updates](#)
- [adjust your business income](#)
- [finalise your Income Tax position](#)
- [if your circumstances change](#)



# FAQs

## **Q1 As part of MTD for Income Tax, will sole traders and landlords need to complete four tax returns a year?**

No, MTD for Income Tax will require sole traders and landlords to send quarterly updates of their self-employment and property income and expenses to HMRC. Where customers have kept up to date digital records using MTD for Income Tax compatible software, the quarterly updates will be simple summaries generated by their software. Submission to HMRC will happen with the click of a button and your software will tell you when and how to send updates.

At the end of the year, customers will still need to submit their annual tax return. This will already include information they have submitted during the year in their quarterly updates. They will be able to finalise the self-employment and property income sources by making any tax or accounting adjustments in their software. Customers will need to check and confirm the information in their return is correct before they submit it.

MTD for Income Tax users will also need to submit their tax return using MTD compatible software. This will provide an improved customer journey through a single channel, rather than split between commercial software and HMRC's online services.

## **Q2 What are quarterly updates?**

Quarterly updates are unadjusted summaries of income and expenses.

MTD compatible software totals a customer's digital records and produces summaries for each income and expense category once every three months. These 'quarterly updates' need to be sent to HMRC, which customers or their agents can do by using the compatible software. No accounting or tax adjustments need to be made to these totals before sending the quarterly updates to HMRC.

## **Q3 Will sole traders and landlords be required to make quarterly payments?**

The government is not changing how payments of tax are collected.

HMRC already offers a range of different ways that customers can pay the tax they owe, including payments on account or by setting up weekly or monthly payments via a Budget Payment Plan. The introduction of Making Tax Digital for Income Tax will not change this and a customer's Income Tax liability will continue to be assessed after the end of the tax year, when they submit their tax return using MTD compatible software. However, estimates of their liability will be available during the tax year, for those customers who find them helpful for financial planning.

#### **Q4 Will sole traders and landlords need to keep extra records and will this be expensive?**

Additional records are not necessarily needed compared to traditional Self Assessment, but these records do now need to be kept digitally, using MTD for Income Tax compatible software. The records provided to HMRC will be summaries, not a breakdown of individual transactions.

When choosing software, you should think about your specific needs, for example, whether you want to keep using your record-keeping software. HMRC is working with the software community to ensure software is available at a range of price points. This will include free software for those with the simplest circumstances.

#### **Q5 What is MTD for Income Tax compatible software?**

MTD for Income Tax compatible software is provided by an organisation outside of HMRC that works with MTD for Income Tax systems, so that agents and customers can use it to submit quarterly updates to HMRC.

You need to use an MTD for Income Tax compatible software product or products that collectively will enable you to:

- create and store digital records of your business income and expenses
- send quarterly updates
- submit your tax return by 31 January after the end of the tax year
- receive information back from HMRC

You can choose to use either:

- a single software product that meets all your needs
- more than one software product, that when used together will meet all your needs

#### **Q6 Can sole traders or landlords with income from self-employment and property below £30,000 use MTD for Income Tax?**

Sole traders and landlords with a total income from self-employment and property of more than £20,000 will be required to use MTD for Income Tax from 6 April 2028.

Sole traders and landlords with qualifying income below £20,000 will be able to sign up voluntarily so they can benefit from the changes.



## **Q7 How will MTD for Income Tax reduce error?**

Regularly updating records and making full use of software features, including helpful nudges and prompts, will reduce the chance of errors, meaning less time is spent trying to put things right. It will also ensure customers have up to date, accurate information to help with business planning.

MTD for VAT has already helped, with 48% of businesses saying it has made them feel more in control of their finances in the [Making Tax Digital for VAT final evaluation](#) published on GOV.UK.

## **Q8 Will I get a financial penalty if I miss a quarterly update deadline?**

There are no late submission penalties for late quarterly updates during the voluntary testing phase of MTD for Income Tax.

When MTD for Income Tax becomes mandatory for a customer from April 2026, one penalty point will apply for each missed submission deadline. A financial penalty will only be charged once the points threshold of four points is reached.

## **Q9 Do agents have to have a client's permission to sign them up to test the service before April 2026?**

Yes, agents must get their client's permission before signing them up for testing.

Agents need to tell their client:

- what they're signing the client up to
- what it means for the client
- that HMRC's new penalties will apply to the client if they miss deadlines for submitting their tax return or paying their bill

## **Q10 What about customers who can't engage digitally?**

HMRC will tell customers how to apply for an exemption from MTD for Income Tax at a later date when the application process opens.

Several customer groups will be deferred from MTD for Income Tax until at least April 2029. These include:

- Ministers of Religion
- Lloyd's Underwriters
- Married Couples' Allowance recipients
- Blind Persons' Allowance recipients

The government will also bring forward further exemptions for the small number of taxpayers who would face disproportionate barriers in operating MTD for Income Tax.

# MTD for Income Tax communication resources for agents and clients

## Contents

1. MTD for Income Tax agent checklist
2. Videos
3. Poster

### 1. Agent checklist: Get ready for Making Tax Digital for Income Tax

The next page contains the **Agent checklist: Get ready for Making Tax Digital for Income Tax** that you can print off and use.





HM Revenue  
& Customs

# Agent checklist: Get ready for Making Tax Digital for Income Tax

If you have clients who are sole traders or landlords with gross income from self-employment and property that is more than £30,000, they will need to use Making Tax Digital (MTD) for Income Tax. This means they will have to keep digital records and send quarterly updates to HMRC using compatible software. They will also be subject to the new penalties.

When your client(s) will legally have to start using MTD for Income Tax depends on their MTD for Income Tax qualifying income. This is the gross income (before expenses and tax are deducted) that customers receive in a tax year from self-employment and property. Your clients will need to use MTD for Income Tax:

- from 6 April 2026, if their gross income from these sources totals over £50,000.
- from 6 April 2027, if their gross income from these sources totals over £30,000.
- from 6 April 2028, if their gross income from these sources totals over £20,000.

You should start preparing now as there are a number of steps to complete to make sure you and your clients are ready and confident with the new process ahead of April 2026.

Use this checklist to understand what you need to do:

1. Consider what your clients' qualifying income might be for the tax year 2024-25 and 2025-26.
2. Find out if and when your clients need to use MTD for Income Tax based on their qualifying income.
3. Create an agent services account if you don't already have one.
4. Get compatible software and speak to your clients about their needs for compatible software.
5. Sign up your clients for MTD for Income Tax.
6. Start using MTD for Income Tax.

By completing the first step of the sign-up process you can check if your client is eligible to use MTD for Income Tax voluntarily before April 2026. Signing up early will mean you and your clients can get used to the new process before it becomes mandatory. If you don't sign up early, you and your clients can still start practicing new ways of digital record keeping to make it easier for you to transition to MTD later.



Find more guidance on each of these steps by scanning the **QR code**, or go to **GOV.UK** and search **Making Tax Digital for Income Tax agent step by step**.

## 2. Videos

For more information, go to GOV.UK to watch the videos or register for webinars available on [Making Tax Digital for Income Tax](#).

## 3. Poster

The next two pages contain **A4 Posters** that you can print off and use in your offices.







HM Revenue  
& Customs



# Get ready for **Making Tax Digital for Income Tax**

Find out if and when you need to use the new service



Scan the QR code, or go to **GOV.UK** and search **Making Tax Digital for Income Tax**.



HM Revenue  
& Customs



# Get ready for **Making Tax Digital for Income Tax**

Find out if and when you need to use the new service



Scan the QR code, or go to **GOV.UK** and search **Making Tax Digital for Income Tax**.