

Making Tax Digital – Simple Guide

If your income from self-employment and/or property is above the HMRC threshold, you will need to move from one annual tax return to submitting updates every quarter.

What you need to do

1. **Check whether MTD applies to you**

Currently this applies to sole traders and landlords over the relevant income threshold.

2. **Keep digital records**

Your income and expenses need to be kept digitally rather than just on paper.

3. **Use recognised software**

HMRC requires submissions through MTD-compatible software. A spreadsheet alone is usually not enough.

4. **Submit quarterly updates**

Instead of one year-end return, figures are sent to HMRC every three months.

5. **Final year-end confirmation**

There is still a final process at the end of the tax year.

Your options

- Use software yourself (Xero, QuickBooks, FreeAgent etc.)
- Use an accountant
- Use a lower-cost support service that sits in between

The important thing is not to panic — once set up, it is usually much simpler than it first appears.

Making Tax Digital – Simple Checklist

For Sole Traders & Landlords

A quick plain-English checklist to help you get started

1. Check if it applies to you

- Self-employed income
- Rental income
- Combined income over HMRC threshold
- Need to comply from the relevant start date

2. Get your records together

- Income records / invoices
- Expense receipts
- Bank statements
- Existing spreadsheet or notes

3. Choose how you want to manage it

- Use software yourself
- Ask your accountant to manage it
- Use a lower-cost support service

4. Get set up

- Choose recognised software
- Register for MTD
- Input your opening figures
- Check categories are correct

5. Keep on top of it quarterly

- Update income
- Update expenses
- Review figures
- Submit quarterly return
- Note next deadline

Need help?

If you would like support setting this up or handling the quarterly submissions, please get in touch.



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