Making Tax Digital

A Simple Guide for UK Businesses & Landlords (2026)

Free guide from Zen Accounting Ltd

Contents

Confused about Making Tax Digital?

You're not alone.

Making Tax Digital (MTD) is one of the biggest changes to the UK tax system in decades. Many business owners and landlords are unsure:

- Does this apply to me?
- When does it start?
- What do I actually need to do?

This short guide explains everything in plain English so you can understand what's changed and what you need to do now.

Many people assume that using software means they are compliant — but in practice, there are often gaps in how records are kept or how processes are set up.

MTD is an initiative from HM Revenue & Customs designed to move tax reporting fully online.

Instead of keeping manual records and submitting one annual tax return, most taxpayers will need to:

- Keep **digital records**
- Use **approved accounting software**
- Submit **updates during the year**

Who Does Making Tax Digital Affect?

MTD for VAT

Most VAT-registered businesses must already follow MTD rules.

You must:

- Keep digital VAT records
- Submit VAT returns through compatible software
- Maintain digital links between records

Many businesses already comply if they use cloud accounting software.

MTD for Income Tax

This will affect self-employed individuals and landlords.

From April 2026

If your business or rental income exceeds £50,000

From April 2027

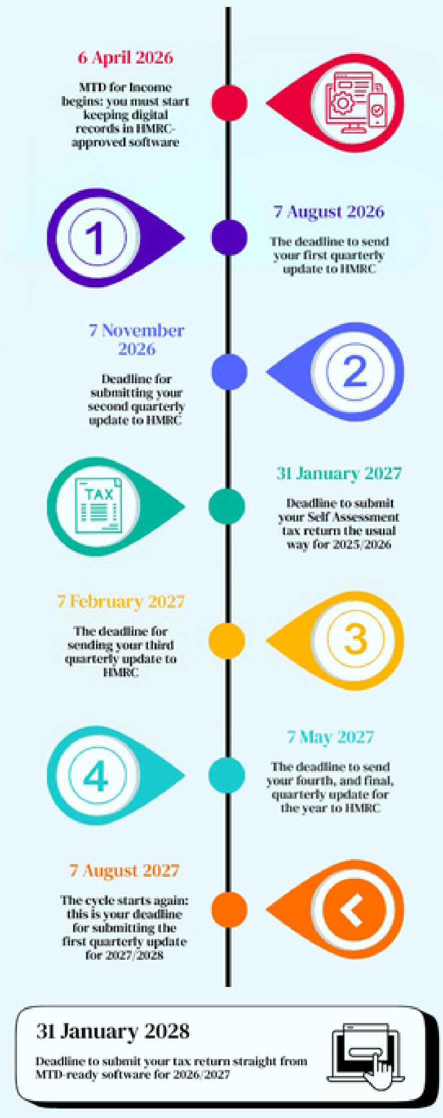
If your business or rental income exceeds £30,000

Income includes:

- Self-employment income
- Property rental income

What Will Actually Change?

Key Dates in your 1st Year



Currently you submit one Self Assessment tax return per year.

Under MTD you will submit information throughout the year.

Quarterly Updates
Every three months you will send a summary of your income and expenses.

End of Period Statement
This confirms your final business figures.

Final Declaration
This replaces the traditional Self Assessment tax return.

The aim is to make tax reporting more accurate and more up to date.

Do You Need Accounting Software?

Yes.

MTD submissions must be made through compatible software.

Popular options include:

- QuickBooks
- Xero
- FreeAgent
- Sage

Many people currently using spreadsheets or paper records will need to move to digital systems.

This is often the biggest change for small businesses.

How to Stay Compliant *(and what to check)*

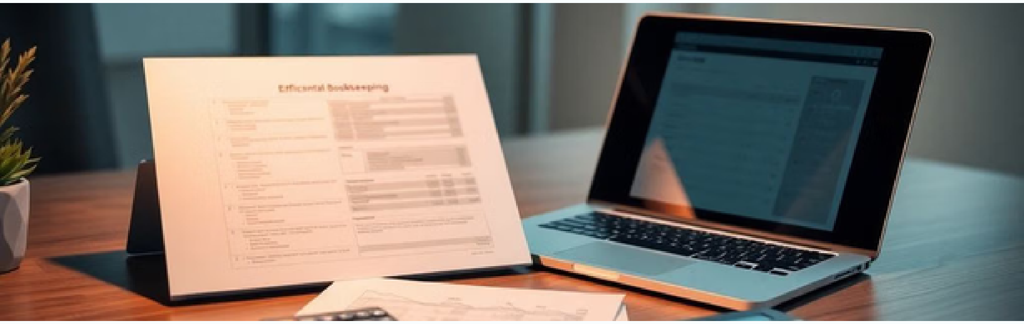
Use the points below as a quick sense check — if you're unsure about any of these, it may indicate gaps in your current setup.

1. Income thresholds
Are you confident whether your income falls above or below the £50k or £30k thresholds?

2. Digital bookkeeping
Are you using accounting software in a way that meets MTD requirements, rather than just recording transactions?

3. Record keeping
Are your records kept up to date throughout the year, rather than left until year end?

4. Getting support
Are you confident your current setup would meet HMRC requirements if reviewed today?



Are you sure you're MTD compliant?

This guide explains what's changing — but in our experience, many landlords and business owners find there are gaps once they look a bit closer.

Using accounting software is a great start, but MTD compliance also depends on how your records are kept and how your processes are set up.

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Next step

Now MTD is in effect, it's important to get clarity on your compliance.

If you're unsure after reading this, that's a good sign it's worth checking properly.

Book your MTD Readiness Check

How we can help

Our MTD Readiness Check is a structured review of your current setup.

We will:

- Review your existing records and software setup
- Identify any gaps in MTD compliance
- Highlight risks before deadlines
- Give you clear, practical next steps