

For Sole Traders & Property Landlords

MTD Income Tax (ITSA) Readiness Checklist

Key Rule – 2024/25 Income Test

If your 2024/25 tax return shows **gross income over £50,000** from self-employment and/or property (combined), you must comply with MTD Income Tax from **April 2026 (2026/27 tax year)**.
The threshold is based on **gross income before expenses**.

1. Are You Affected?

- Sole trader or self-employed individual.
- Property landlord.
- Currently submit a Self Assessment tax return.
- Combined gross income over £50,000 in 2024/25.

2. Digital Record Keeping (Including Bridging Software)

- Keep digital records of all income.
- Keep digital records of allowable expenses.
- Use MTD-compatible software.
- Spreadsheets are allowed ONLY if digitally linked via approved bridging software.
- No manual retyping of figures when submitting to HMRC.
- Software must support quarterly submissions and final declaration.
- Maintain separate records for each business/property.
- Keep records updated throughout the year.

3. Quarterly Reporting Requirements

- Submit updates every 3 months.
- Report income and expenses per business/property.
- Meet HMRC deadlines.
- Review figures before submission.

4. End of Year Final Declaration

- Confirm total income.
- Claim allowable expenses and reliefs.
- Submit final declaration.
- Pay tax due by 31 January.

*Preparing early reduces stress, avoids penalties, and ensures you are ready before April 2026.