

Making Tax Digital – April 2026

What UK Property Investors Need to Know

Introduction



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- Operations Director.
- Chartered Accountant (ACCA).
- Property investor.
- Loves golf (and now padel).

Jagrup Lewis

- Tax Manager.
- Association of Tax Technicians (ATT).
- Property investor.
- Loves sunshine.

Who are Calculated Ltd

Property focused tax and accountancy practise, business established 8 years ago, and we have 11 members in the team.

We currently support around 700 property investors across the UK whose strategies include – Standard BTL, Furnished Holiday Lets, HMO's, Rent to Rent, BRR and Flipping.

Remote business able to support clients from around the globe.

Typical services –

- Ltd Company Formation
- Ltd Company Accounts
- Self Assessment Tax Returns
- Capital Gains Tax Returns
- Inheritance Tax Planning
- VAT Returns
- Payroll
- Making Tax Digital
- Tax Efficiency Planning

What is Making Tax Digital?

First announced in 2015:

- HMRC's move to fully digital tax reporting.
- Extension of MTD from VAT to Income Tax From April 2026.
- MTD replaces the once-a-year Self Assessment with digital record-keeping and quarterly reporting.

What This Means For You

- **Fewer Mistakes**

Digital record-keeping and MTD systems reduce errors, missed entries, and HMRC queries.

- **Better Visibility Across Portfolios & Finances**

See all your income, expenses, and property performance in one place—no more guessing.

- **Insight**

Gain actionable information on trends, profitability, and opportunities to improve your finances.

- **Up-to-Date Information for Tax Planning**

Real-time data helps you plan ahead, claim allowances, and make informed decisions before the year-end.

Who Is Affected from April 2026

Property Investors and self-employed individuals only (not partnerships).

- Based on **turnover, not profit**.
- Based on your turnover included on your 2024–25 tax return.
- £50,000 turnover threshold.
- If you have both self-employed and property income, then turnover of each is combined.
- If property is jointly owned, it's only your share of the turnover that is counted towards the threshold.
- Thresholds will reduce to £30,000 from April 2027 and £20,000 from April 2028.

Example 1

Self employed plumber with 2 rental properties.

Self Employment revenue	35,000
Rental revenue	18,000
Total revenue	53,000

Turnover >£50k so falls within scope

Example 2

Self employed driving instructor that jointly owns 2 properties 50-50 with her husband.

The 2 properties rent out for £1,200 each per month
Total revenue £28,800.

Self Employment revenue	43,000
Rental revenue	14,400
Total revenue	57,400

Turnover >£50k so falls within scope

What Changes for Property Investors

- Digital records become mandatory.
- Four quarterly updates per tax year.
- Single final declaration replaces the tax return.
- Quarterly returns apply to each source of income, if self employed and property income – 8 quarterly returns and one final submission.

Quarterly Reporting Cycle

Quarter covered

Period

Filing deadline

Q1

6 April – 5 July

5 August

Q2

6 July – 5 October

5 November

Q3

6 October – 5 January

5 February

Q4

6 January – 5 April

5 May

Software Is No Longer Optional

- **Digital Record Keeping**

MTD requires all income, expenses and financial data to be kept digitally.

- **MTD Compatible Software**

You must use HMRC recognised software for submissions.

- **Integration & Efficiency**

Many software packages connect with bank accounts which makes it easier to provide information and simplify compliance.

Short list of software packages that are approved by HMRC which are reputable as follows -

- Xero
- Hammock (Can only handle property)
- QuickBooks
- Free Agent
- Capium

There are hundreds out there so make sure you do your research before setting up.

Tax Payments

There are no changes to the dates you pay tax, the deadlines of 31st January and 31st July for payments on account still apply.

Falling out of scope

If your income reduces and you fall out of MTD thresholds, you will still be a part of MTD until you have 3 consecutive years below the threshold before you can apply to leave.

Cessation of self employment / property income

If you sell your properties or cease your sole trader business, once you have informed HMRC you will no longer be required to file the quarterly returns. You will still need to complete a return for the last quarter and a final tax return at the end of the year as usual.

Non-resident

If an individual is non-resident in the UK, then they are exempt from MTD.

Signing up Voluntarily

If you want to sign up to MTD before its mandatory, then this is possible. To ensure you have process & software in place before ahead of time.

HMRC applies penalties when MTD obligations are not met, such as late submissions or late payments.

Late submission penalties (points-based system)

- Applies to MTD for VAT and Income Tax Self Assessment (ITSA).
- Each late submission = 1 penalty point.
- 4 penalty points triggers £200 penalty.
- Further late submissions after the threshold = £200 per submission.
- Points expire after a period of 24 months of full compliance.

If planning on filing without help

There may be individuals who are planning on filing their MTD returns without engaging with an accountant and this is total fine, below are some things to be aware of and tips to ensure you make it as easy as possible –

- **Register** -Even though you automatically fall within scope for MTD you are still expected to register with HMRC for this, you do this from within HMRC online account.
- **Software** - You will need to source software that you will use to make your returns, to ensure you fully understand how to use the software it best to get set up well in advance. (There will be lots of YouTube videos to help you understand how to use the software you chose)
- **Process** -To make the process as straightforward as possible it would be best if all income and expenses were from the same bank account with only applicable transactions running through the account. If you use a personal account which has lots of non-business expenses going through, then it will make compiling your quarterly returns more time consuming.
- **Filing** - Set reminders in your phone/calendar of the deadline dates, as this is a new process its very easy for these to be missed whilst not in the habit of completing.

How Calculated Ltd Helps

- **MTD-Ready Systems Setup**

We'll get your accounting software fully compliant with Making Tax Digital, ensuring your records are accurate, linked, and easy to manage.

- **Quarterly Reporting Support**

We handle your quarterly submissions, keeping you on track with HMRC deadlines and reducing the risk of errors or penalties.

- **Property-Focused Tax Advice**

Tailored guidance for landlords and property investors to optimise tax efficiency, maximise allowances, and stay compliant.

Contact Details

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To book a call directly with Jagrup –



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