

MTD Customer Awareness Letters: February and March 2026

You will need to change the way you report your income and expenses to HMRC

We're introducing Making Tax Digital for Income Tax for some sole traders and landlords.

You'll need to use Making Tax Digital for Income Tax from 6 April 2026 as your total income was over £50,000 from self-employment and property in your 2024 to 2025 tax return. This is your qualifying income which is worked out before expenses or taxes are deducted.

If we've already confirmed that you're digitally excluded for Making Tax Digital for Income Tax, please ignore this letter.

What is Making Tax Digital for Income Tax

Making Tax Digital for Income Tax is a new way for sole traders and landlords to report income and expenses to HMRC. You, or your agent if you have one, will need to use software that works with Making Tax Digital for Income Tax to:

- create, store and correct digital records of your self-employment and property income and expenses
- send your quarterly updates to HMRC
- submit your tax return by 31 January the following year.

Act now to get ready for 6 April 2026

You will need to:

- get commercial software that works with Making Tax Digital for Income Tax to keep digital records, submit quarterly updates and file your tax return. From the 2026 to 2027 tax year, you'll no longer be able to file using the current HMRC Online Tax Return system or by paper
- sign up for Making Tax Digital for Income Tax, so you're ready to use the service from 6 April 2026.

If you have a tax accountant or agent, you should speak to them first about what you need to do and provide them with a copy of this letter.

Please scan the QR code at the top of this letter for more guidance on the steps you need to take to prepare. You can also find information on exemptions and what to do if you do not think you need to use Making Tax Digital for Income Tax.

Alternatively, go to GOV.UK and search for 'Making Tax Digital for Income Tax for sole traders and landlords: step by step'.

Your 2025 to 2026 Self Assessment tax return

You should still submit your tax return for the 2025 to 2026 tax year as normal. Financial penalties will be applied where a tax return or payment is made after the due date.

New penalties

Under the new late submission penalties, a penalty point is awarded where a quarterly update or tax return deadline is missed. Once a four-point threshold is reached, a financial penalty will be issued.

For the 2026 to 2027 tax year only, you will not receive a penalty point if your quarterly update is submitted late. Whilst there is no penalty, you must submit the quarterly updates before a tax return can be submitted. A penalty point will still be awarded where tax returns are not submitted by the 31 January 2028 deadline.

From the 2027 to 2028 tax year, penalty points will be applied if you submit any quarterly update or tax return late.

There are also new penalties for late payment of tax from the 2026 to 2027 tax year which are more proportionate to how long it takes you to pay what you owe.

Yours faithfully,

Vicki Palmer

Deputy Director - Change Readiness, Making Tax Digital

HM Revenue and Customs

Alternative formats

If you need this letter in an alternative format, for example, braille, audio or large print, go to GOV.UK and search for 'Get help from HMRC if you need extra support'.

A word about scams

To keep yourself safe from scams, go to GOV.UK and search for 'Check if a letter you've received from HMRC is genuine'.