

# MAKING TAX DIGITAL FOR INCOME TAX (MTD FOR ITSA)

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<https://dna-accountants.co.uk/start/>



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# OVERVIEW

Making Tax Digital for Income Tax Self Assessment (MTD for ITSA) is a significant change in how self-employed individuals and landlords in the UK will report their income to HM Revenue & Customs (HMRC). This guide outlines the upcoming changes, key dates, and requirements to help you prepare.



**From 6 April 2026:** Self-employed individuals and landlords with annual qualifying income over £50,000 must comply with MTD for ITSA.

**From 6 April 2027:** The threshold lowers to include those with annual qualifying income over £30,000.

**Future Expansion:** The government plans to extend MTD for ITSA to individuals with annual qualifying income over £20,000 at a later date, with the timeline to be announced.

# QUARTERLY REPORTING REQUIREMENTS

Under MTD for ITSA, you'll need to submit quarterly updates summarising your income and expenses for each period. The standard quarterly periods and their corresponding filing deadlines are:

## QUARTERLY UPDATE 1:

Period Covered: 6 April to 5 July  
Filing Deadline: 7 August

## QUARTERLY UPDATE 2:

Period Covered: 6 July to 5 October  
Filing Deadline: 7 November

## QUARTERLY UPDATE 3:

Period Covered: 6 October to 5 January  
Filing Deadline: 7 February

## QUARTERLY UPDATE 4:

Period Covered: 6 January to 5 April  
Filing Deadline: 7 May



## FINAL DECLARATION

In addition to quarterly updates, you'll need to submit a Final Declaration to finalise your tax position for the year. This declaration includes all sources of income, such as investments or savings, and allows you to claim any applicable reliefs. The **deadline for the Final Declaration is 31 January** following the end of the tax year, aligning with the payment due date.

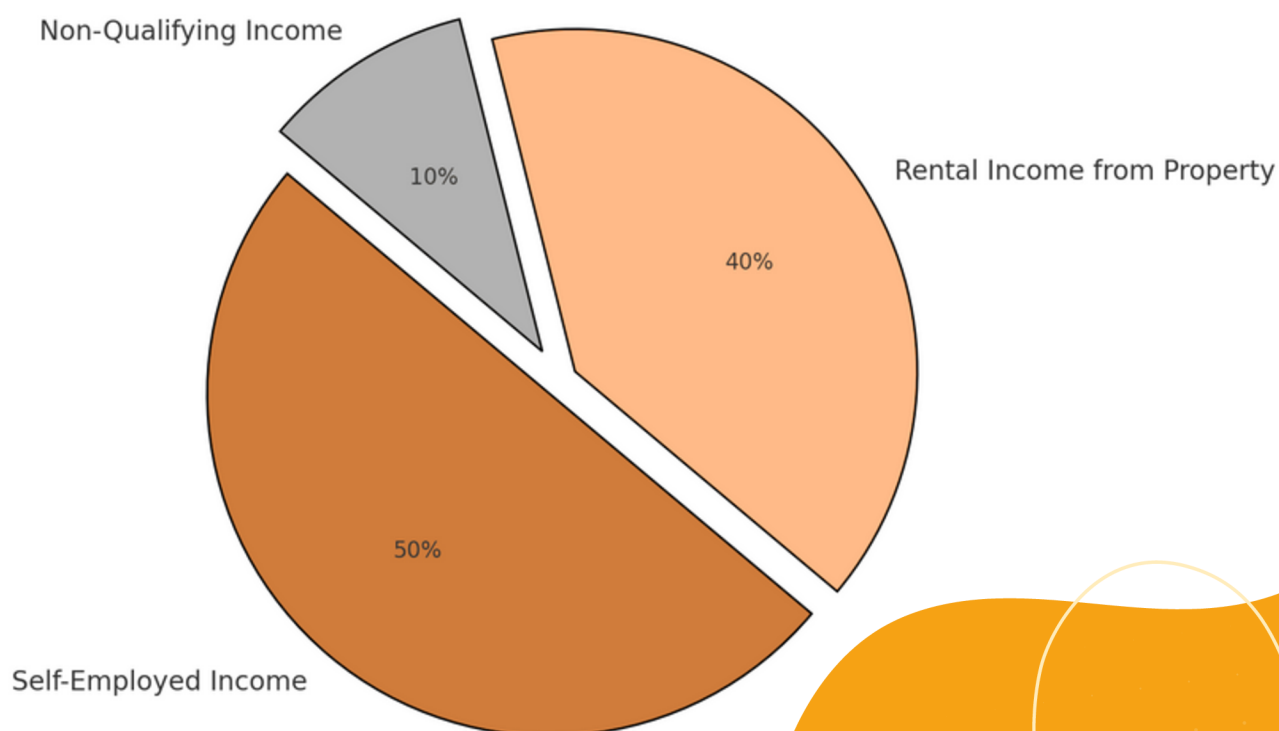


# DETERMINING YOUR QUALIFYING INCOME

Your qualifying income is the total gross income you receive in a tax year from all your self-employment and property businesses, before any expenses are deducted.

It's important to note that income from partnerships doesn't count towards your qualifying income unless it involves disguised investment management fees or income-based carried interest.

## What Counts as Qualifying Income for MTD ITSA?



# HOW XERO AND DNA CAN HELP YOU STAY COMPLIANT

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Staying on top of these new digital requirements can seem overwhelming, but using Xero makes the process much easier.

Xero is MTD-compatible software that allows you to:

- Keep accurate, real-time digital records of your income and expenses.
- Automatically generate and submit your required quarterly updates to HMRC.
- Track your tax obligations and avoid last-minute surprises.

At DNA, we can handle the entire process for you, ensuring that your records are accurate and all submissions are completed on time. Our expert team is well-versed in MTD for ITSA requirements and can help you transition smoothly, so you can focus on running your business while we take care of compliance.

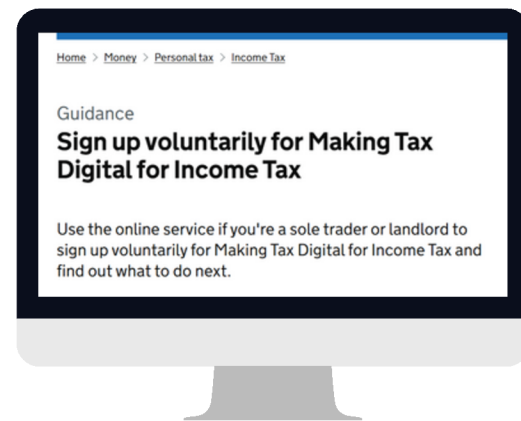
To assist sole traders and landlords in seamlessly transitioning to Making Tax Digital for Income Tax (MTD ITSA), Xero has introduced **Xero Simple** — a streamlined accounting plan designed to meet your digital tax obligations efficiently.

## Key Features of Xero Simple:

- Invoicing: Easily create and send up to 10 professional invoices per month.
- Data Capture with Hubdoc: Effortlessly capture and store receipts and bills digitally.
- Bank Feeds and Reconciliation: Automatically import bank transactions and reconcile them with ease
- Client Collaboration: Invite your accountant or bookkeeper to access your financial data, facilitating smooth collaboration
- MTD for Income Tax Filing: Prepare for MTD ITSA by submitting quarterly updates and final declarations directly through Xero Simple.

The plan is priced at £7 per month (excluding VAT), offering an affordable solution to manage your accounting needs while ensuring compliance with MTD ITSA requirements.

# HOW TO REGISTER



## Who can sign up voluntarily?

You can sign up voluntarily if (all of the following):

- your personal details are up to date with HMRC
- you're a UK resident
- you have a National Insurance number
- you have submitted at least one Self Assessment tax return
- you're up to date with your tax records — for example, you have no outstanding tax liabilities
- you use an accounting period that runs from 6 April to 5 April

You can also use an accounting period that runs from 1 April to 31 March, if the software you choose supports this. To use this accounting period you must:

- select calendar update periods in the software before the first update is made
- make an adjustment at the end of your first tax year — so that your income and expenses from 1 April to 5 April are included in your tax return

## Who cannot sign up voluntarily?

You cannot sign up voluntarily if you:

- *have a payment plan with HMRC*
- *are a partner in a partnership*
- *claim Married Couple's Allowance*
- *claim Blind Person's Allowance*
- *are currently, or are going to be, bankrupt or insolvent*
- *are an MP, minister of religion or Lloyds underwriter*
- *have income from being a foster carer or being in a shared lives scheme*
- *have income from a trust*
- *have income from a furnished holiday let*
- *are subject to a compliance enquiry*
- *use 'averaging' or other arrangements because your profits vary between years — for example, because you're a farmer, writer or artist*
- *are signing up on behalf of someone else (unless you're an agent) — this includes (but is not limited to) if you're:*
  - *an insolvency practitioner*
  - *a nominee*
  - *a solicitor*

Click here to: [Sign up voluntarily for Making Tax Digital for Income Tax](#)

## PREPARING FOR MTD FOR ITSA

To ensure compliance with MTD for ITSA, consider the following steps:

- Digital Record-Keeping: Use MTD-compatible software like Xero to maintain digital records of your income and expenses.
- Timely Submissions: Adhere to the quarterly and annual submission deadlines to avoid penalties.
- Stay Informed: Keep abreast of any updates from HMRC regarding MTD for ITSA requirements and timelines.

For a personalised assessment of whether you need to comply with MTD for ITSA and when you need to start, you can use HMRC's eligibility checker tool: [Check if you're eligible](#).

By understanding these requirements and preparing accordingly, you can ensure a smooth transition to the new digital tax reporting system.





# TAKE THE STRESS OUT OF MTD ITSA

THE THING IS YOU DON'T HAVE TO DO IT  
BY YOURSELF.

**GET STARTED**

**[dna-accountants.co.uk](https://dna-accountants.co.uk)**

