



● NOW LIVE · 2026

# Making Tax Digital for Income Tax: A Guide for Landlords

Digital records, quarterly updates and one Final Declaration — explained in plain English.

## THE LANDLORD ASSOCIATION

Everything landlords need to understand Making Tax Digital: who it applies to, the deadlines that matter now, how to record income and expenses, and exactly what to do to stay compliant.

## — START HERE

# Is your rental income ready?

Making Tax Digital for Income Tax (MTD for IT) is now live for landlords with income over £50,000. This guide explains what changes, whether it applies to you, and exactly what to do next.

**4****Quarterly updates**

Short digital summaries sent to HMRC through the year, replacing the annual return.

**1****Final Declaration**

Confirm your figures once a year, bringing together all your income sources.

**0****Annual returns**

No more once-a-year Self Assessment for your property income — a digital rhythm instead.



**Next deadline: 7 August 2026** for Quarter 1 (6 April – 5 July 2026). If your gross income exceeds £50,000, you are already in scope and your first quarterly update is due.

## — THE BASICS

## What it means, in plain English

Instead of one annual Self Assessment return, you keep digital records and send HMRC a short update every quarter, then confirm your figures once a year.

**What actually changes**

You keep digital records of your property income and expenses, send HMRC four quarterly summaries during the year, then submit a single Final Declaration. The paper-style annual return is replaced by a digital rhythm.

**Why HMRC is doing it**

The aim is fewer manual errors and a clearer, up-to-date picture of your tax position through the year. In practice it means more frequent admin, so **the sooner your records are in order, the smoother it is.**

**Does it replace Self Assessment?**

It replaces how you report your property income, not everything else. Your Final Declaration still brings together all your income for the year, so think of it as Self Assessment in a more regular, digital format.



**Late submission penalties.** HMRC uses a points-based system: one point per missed quarterly deadline. Reach four points and a £200 penalty applies, with a further £200 for each late submission after that. Points clear after 24 months of on-time filing.

## WHO IT APPLIES TO &amp; WHEN

# The phased rollout, by income level

Your qualifying income is your gross income — rent plus any self-employment turnover, before expenses — assessed for each person individually. If you own property jointly, only your share counts toward your threshold.

FROM APRIL 2026

## Over £50,000

Based on your 2024/25 tax return.  
First mandatory phase.

MANDATORY NOW

FROM APRIL 2027

## Over £30,000

Based on your 2025/26 tax return.

CONFIRMED

FROM APRIL 2028

## Over £20,000

Based on your 2026/27 tax return.

LEGISLATED



### What is in scope

- ✓ Residential rental properties in the UK.
- ✓ Assured shorthold and standard residential tenancies.
- ✓ Furnished holiday lets, now part of your ordinary UK property business.



### What is out of scope

- ✗ Overseas property, reported separately.
- ✗ Commercial property outside the residential rules.
- ✗ Other income, handled in your Final Declaration.

## EXEMPTIONS &amp; SPECIAL CASES



### Limited companies

Property held through a limited company is outside MTD for Income Tax. You continue filing company accounts and a Corporation Tax return as normal.



### Partnerships

Formal partnerships that file partnership returns are deferred and not required to join until at least April 2027.



### REITs & property sales

Income from shares in a REIT is exempt. Selling a property falls under Capital Gains Tax (report and pay within 60 days), not MTD.

**Not sure which threshold applies?** Add your gross rent to any self-employment turnover, before deducting a penny of expenses — it is based on income, not profit. The total is what triggers the rules. If you are close to a threshold or the position is complex, speak to a qualified tax adviser before deciding.

## — YOUR CORE OBLIGATIONS

## Three things, on repeat

Strip away the jargon and MTD asks for three things. Get comfortable with these and the rest is process.

01

### Keep digital records

Record your rental income and expenses digitally, in HMRC-recognised software, as you go. No more shoeboxes of receipts reconciled once a year.

02

### Send quarterly updates

Four times a year, send HMRC a running summary of your income and expenses by category. Each update is cumulative, so it builds on the last.

03

### Submit a Final Declaration

After the tax year ends, confirm your figures, claim reliefs and allowances, and finalise your overall tax position in one submission.

✓ **Good news on year-end.** HMRC has removed the separate End of Period Statement (EOPS) that appeared in earlier plans. The process is now simply four quarterly updates, then one Final Declaration. If you read a guide that still lists an EOPS step, it is out of date.

## — YOUR 2026/27 DEADLINES

## The tax-year rhythm

Four submission windows follow the tax year, each with a deadline on the 7th, then a single year-end Final Declaration.

| QUARTER                  | PERIOD COVERED                  | SUBMISSION DEADLINE    |
|--------------------------|---------------------------------|------------------------|
| Quarter 1                | 6 April – 5 July 2026           | <b>7 August 2026</b>   |
| Quarter 2                | 6 July – 5 October 2026         | <b>7 November 2026</b> |
| Quarter 3                | 6 October 2026 – 5 January 2027 | <b>7 February 2027</b> |
| Quarter 4                | 6 January – 5 April 2027        | <b>7 May 2027</b>      |
| <b>Final Declaration</b> | Full tax year 2026/27           | <b>31 January 2028</b> |



### Can you pick your quarters?

Keep the standard tax-year quarters (from 6 April) or opt for calendar quarters (from 1 April) when you sign up. Choose early — you cannot switch part-way through the year.



### Can you submit early?

You can only submit once a quarter has closed, but you can prepare and review figures ahead of time. Keeping records current makes each deadline a formality.

## — CHOOSING SOFTWARE

# You will need HMRC-recognised software

HMRC does not provide its own software. To keep digital records and file your updates you use a recognised MTD-compatible package. The Landlord Association does not tie you to any single provider — but if you want a proven starting point, Xero is widely used by landlords.

## ● RECOMMENDED MTD SOFTWARE

## Xero for landlords

Xero is HMRC-recognised for MTD for Income Tax. It keeps your digital records, tags income and expenses, files your quarterly updates and supports your Final Declaration — all in one place, with automatic bank feeds to cut manual entry.

**£25**  
VOUCHER

Get a **£25 voucher** when you send your first quarterly update to HMRC through Xero by the **7 August 2026** deadline. Offer ends 7 August 2026; terms apply — check [xero.com](https://xero.com) for current details.

Whichever tool you choose, confirm it is listed as recognised by HMRC for MTD for Income Tax before you commit.

## Two ways to file

### Full accounting software

All-in-one tools such as Xero handle digital records, quarterly updates and the Final Declaration together. Best if you want everything in one place with automation.

### Bridging software

Prefer spreadsheets? Bridging tools convert your existing records into an HMRC-compatible submission, preserving your workflow while meeting the digital filing rule.

### What to check

HMRC recognition, quarterly update support, and that the Final Declaration capability is available or in development before your 31 January 2028 deadline.

**i Members save time here.** TLA members can talk through software options with our advice team before committing, so you pick the right fit for the size and shape of your portfolio.

## — GOOD DIGITAL HABITS



## Record as you go

Enter income and expenses when they happen, not in a year-end rush. Little and often keeps every quarter effortless.



## Keep the evidence

Attach a photo or scan of receipts to each expense. It helps if HMRC ever queries a transaction.



## Reconcile monthly

Match your records to your bank feed each month so your quarterly figures are already accurate when the window opens.

## GETTING READY

## Four steps to be prepared

You do not need to wait until the deadline to act. Signing up early, even before you are mandated, lets you settle into the routine while the stakes are low.

1

**Confirm whether MTD applies to you**

Check your gross income against the thresholds. Over £50,000 means you are in from April 2026. Even if you are not yet mandated, you can join voluntarily to get ahead.

2

**Gather what you will need**

Your Government Gateway user ID and password, your National Insurance number, and your business start date — the date you first received rental income.

3

**Sign up with HMRC for MTD for Income Tax**

A one-time step. Register directly with HMRC through GOV.UK using your Government Gateway credentials and follow the on-screen steps. Enrolment can take a little time, so start early.

4

**Choose recognised software & start recording**

Pick an HMRC-recognised package that suits your portfolio, connect it to your HMRC account, and begin recording straight away so your first quarter is effortless.

**A tip on timing.** HMRC has been contacting landlords likely to be in scope. Even if you have not heard from them, you can check your position now — getting set up before your first live quarter removes all the pressure from that first '7th of the month' deadline.

## WHERE MTD SITS IN YOUR YEAR

| STAGE               | WHAT YOU DO                                                                            |
|---------------------|----------------------------------------------------------------------------------------|
| Throughout the year | Keep digital records of income and expenses as they happen.                            |
| Every quarter       | Review the figures and submit a cumulative update by the 7th after the quarter closes. |
| After 5 April       | Make any year-end adjustments and claim your reliefs and allowances.                   |
| By 31 January       | Submit your Final Declaration to finalise the year's tax position.                     |

## PROPERTIES &amp; OWNERSHIP

# Report your share, not the whole property

HMRC wants your share of each property's income and expenses. If you own jointly, the figures are split by ownership share before they reach your submission, so you never overstate your income.

## If you own solely

Your share is 100% and your figures are straightforward. You still record the ownership in your software so submissions calculate correctly.

## If you own jointly

Record the full transaction and let your software apply your ownership percentage. Only your share flows into your quarterly updates. Each co-owner manages their own MTD obligations separately.

### WORKED EXAMPLE · A 60/40 SPLIT

You and your partner own a buy-to-let 60/40. In Quarter 1 you receive £3,000 in rent and pay a £500 repair bill. You record the full amounts. Your software applies your 60% share, so your submission shows:

YOUR INCOME (60% OF  
£3,000)

**£1,800** reported

YOUR EXPENSE (60%  
OF £500)

**£300** reported



## Each owner files separately

Joint ownership does not mean joint filing. Every owner who is in scope keeps their own records and sends their own quarterly updates and Final Declaration.

**Setting your split.** For jointly owned property, HMRC's default assumption is a 50/50 split between spouses or civil partners. A different split can be declared using a Form 17 where the beneficial ownership genuinely differs. Check your title deeds or declaration of trust, and take advice if you are unsure.

## RECORDING TRANSACTIONS

# Categorise it correctly, first time

HMRC needs your income and expenses broken into categories, not a single total. The right category protects the relief you are entitled to and keeps your tax calculation accurate.



## Allowable expenses



### Premises costs

Rent, rates, insurance and ground rents on the property.



### Repairs and maintenance

Keeping the property in its existing condition. Improvements are capital, not repairs.



### Finance costs

Mortgage interest and finance charges — restricted for individuals, reported separately with a 20% tax credit.



### Professional & service fees

Letting agent, accountancy and tenancy legal fees, plus services such as cleaning or gardening.



## Not allowable

HMRC applies a strict “wholly and exclusively” test. If a cost is not incurred purely for the business, it cannot be claimed in full:

- ✗ Capital improvements, which are separate from repairs.
- ✗ Personal expenses of any kind.
- ✗ Any cost not wholly and exclusively for the property business.

## Recording income

Record rent in the period it is received, not when it is due. Retained non-refundable deposits become income when they become non-refundable; refundable deposits held in a scheme are not income.

**① Mixed-use and multi-property costs.** Where a cost is part business, part personal, or spans several properties, claim only the business proportion and keep a record of how you worked out the split. Apply the same reasonable method year on year. Because quarterly updates are cumulative, a miscategorisation is simply corrected in your next update.

## — END-OF-YEAR REPORTING

# One Final Declaration finishes the year

After your fourth quarterly update, the Final Declaration is the only year-end submission you need. It brings your property figures together with all your other income, applies your reliefs and allowances, and finalises your tax.



## What it covers

- ✓ Confirmation that your four quarterly updates are complete.
- ✓ Year-end adjustments, corrections and any expenses you missed.
- ✓ Reliefs and allowances claimed once a year, such as the property income allowance.
- ✓ Your total income from all sources, so your overall tax is calculated.

## When it is due

The Final Declaration is due by **31 January** following the end of the tax year — the same familiar date as today's Self Assessment deadline. For 2026/27, that means **31 January 2028**.

You can finalise as soon as the tax year ends and all four updates are in. Filing early gives you more time to plan for any tax due.



**No transactions in a quarter?** You still submit. Once enrolled, MTD requires an update every quarter regardless of activity, so a void period between tenancies means a nil update, not a missed one. A nil submission counts as valid and keeps you clear of penalty points.

## — AT A GLANCE

## 7th

### Quarterly deadline day

Each update is due on the 7th of the second month after the quarter closes.

## 31 Jan

### Final Declaration

Due by 31 January following the tax year — 31 January 2028 for 2026/27.

## 24 mo

### Penalty points reset

Points clear after 24 months of submitting everything on time.

## COMMON QUESTIONS

# Answered plainly

The questions landlords ask most about Making Tax Digital, with straight answers.

**What if I miss a deadline?**

You collect one penalty point per missed quarterly deadline. Reach four points and a £200 penalty applies, then a further £200 for each late submission after that. Points expire after 24 months of on-time filing. If you are at risk of missing one, still submit with the figures you have — because updates are cumulative, you can correct them next time.

**What happened to the End of Period Statement?**

HMRC removed the separate EOPS step from the MTD for IT design. The current process is four quarterly updates followed by a single Final Declaration. Older guides that describe an EOPS in between are out of date.

**Do furnished holiday lets still count?**

From April 2025 the separate furnished holiday let regime was abolished. FHLs are now treated as part of your ordinary UK property business and included in your quarterly updates. If you previously ran FHLs under the old rules, take advice on how the change affects you.

**What if I sell a property mid-year?**

Record income and expenses up to completion and update the ownership from the date of sale. Those figures still appear in your quarterly updates. Any capital gain is reported separately through Capital Gains Tax — and paid within 60 days — not through MTD for Income Tax.

**Can I amend a submission after sending it?**

Quarterly updates are cumulative, so a correction to an earlier quarter carries through your next update within the same tax year. Once the Final Declaration is submitted the year is finalised, and later corrections go through HMRC's amendment process, usually with an adviser's help.

**I file the residence pages. Am I deferred?**

Individuals who complete the residence pages of their tax return have a one-year deferral and are not required to join until April 2027 at the earliest. If this applies to you, confirm your position with a qualified adviser, as the rules here are more involved.

**Still unsure?** MTD has edge cases — multiple income sources, trusts, non-resident landlords and more. When in doubt, check with a qualified tax adviser or ask the TLA advice team before a deadline, not after it.

— WE'RE HERE TO HELP

# MTD doesn't have to be complicated

The Landlord Association helps you get ready, stay compliant and file with confidence. Our guidance is independent, our advice team knows the rental sector, and everything is written for landlords — not accountants.

## Get MTD-ready with TLA

From plain-English guidance to deadline reminders and expert answers, TLA gives you the tools and the people to make Making Tax Digital straightforward.

### Knowledge base

Step-by-step articles covering every stage of MTD, from getting set up to year-end reporting.

### Advice line

Talk through your position and software options with our team before you commit.

### Deadline reminders

Stay ahead of every quarterly window and your Final Declaration, so nothing slips.

[Explore membership →](#)

[landlordassociation.org.uk/making-tax-digital-for-landlords](https://landlordassociation.org.uk/making-tax-digital-for-landlords)

#### WEBSITE

[landlordassociation.org.uk](https://landlordassociation.org.uk)

#### GUIDANCE

The Landlord Association · MTD Hub

#### EDITION

2026/27 tax year

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