

What does Making Tax Digital mean for landlords?

This guide explains everything you need to know about Making Tax Digital as a landlord, including how the initiative will impact you and what you will need to do to prepare for the changes coming into effect in April 2026.





Making Tax Digital (MTD) is the government's initiative to implement a fully digital tax system in the UK. A phased rollout of MTD is already under way and a milestone scheduled in **April 2026** will mean significant changes to the way that landlords are required to report their income and expenses to HMRC.

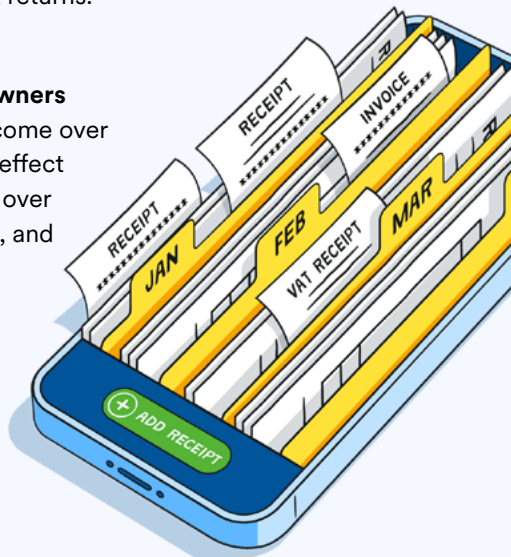
Making Tax Digital: the story so far

MTD sets out a bold vision for the UK to have, in the words of HMRC, “one of the most digitally advanced tax administrations in the world.” It promises to “transform tax administration so that it is easier for taxpayers to get their tax right.”

MTD for VAT requires all VAT-registered businesses to keep digital records and use MTD-compatible software to submit their VAT returns electronically.

MTD for Income Tax (also known as MTD for IT) will replace the current system of annual Self Assessment tax returns.

For **landlords and self-employed business owners** with a qualifying total business or property income over **£50,000**, MTD for Income Tax will come into effect in **April 2026**. Those with a qualifying income over **£30,000** will need to comply from **April 2027**, and those with a qualifying income over **£20,000** from **April 2028**. Partnerships will be required to join at a date yet to be announced.



What counts as your qualifying income?

Your qualifying income is the money you make in a tax year from **self-employment and rental properties**.

Other types of income you report on your Self Assessment - like a salary (PAYE), money from a partnership, or dividends (even from your own company) - **don't count** towards this.

HMRC looks at your income before expenses. They'll use your **gross income** (also known as turnover), which means the total amount you earn **before** taking off any business or property expenses.

Here's an example. If you earn:

- £30,000 from rental income
- £27,000 from self-employment

your total qualifying income would be £57,000.

Will all landlords be affected by MTD for Income Tax?

Yes, if your total property and/or self-employed business income is above £50,000 per year, from 6th April 2026 you'll need to:

Use **MTD-compatible software** to:

Keep records of your property/business income and expenses in digital format

Send **quarterly updates** of your income and expenses to HMRC

Finalise your income by submitting a **final declaration** (replacing the Self Assessment tax return) to HMRC



Landlords with a qualifying income over £30,000 will follow the rules from **April 2027**, and those earning over £20,000 from **April 2028**.

Keeping digital records

Under MTD for Income Tax, you must use compatible accounting software to maintain digital records of all property and, if applicable, self-employed business income and expenses.

FreeAgent helps by:

- Importing bank transactions automatically each day via a secure bank feed
- Allowing you to record income and expenses for each property and track profitability
- Automating rent invoicing via recurring invoices

Sending quarterly updates

Each quarter, you'll send a summary of income and expenses to HMRC via MTD software. Starting from **6th April 2026**, deadlines for quarterly updates will be:

- 7th August
- 7th November
- 7th February
- 7th May



6th April 2026

Finalising your income

At the end of the tax year, submit a **final declaration** to confirm all updates and add any relevant personal income, tax reliefs, or adjustments.

You must submit this declaration and pay any tax owed by **31st January** of the following tax year.





How can FreeAgent support me with MTD for Income Tax?

With FreeAgent for Landlords, you can feel confident and in control when it comes to meeting your tax obligations.

It features a dedicated **MTD for Income Tax area**, bringing everything you need into one clear, easy-to-manage space. You'll be able to:

- View all your relevant property income and expense data in one place
- Review your figures and track submission deadlines
- Send MTD-compliant quarterly updates and final declarations directly to HMRC without hassle

This means **less stress, greater accuracy, and complete peace of mind** - even if you're not a tax expert. You'll be better equipped to stay compliant and avoid surprises from HMRC.

Plus, it's easier than ever to collaborate with your accountant or bookkeeper. They'll have full visibility over your figures and submissions, helping you stay on track and fully aligned with the latest MTD requirements.

Can I sign up to MTD for Income Tax now?

Yes, a pilot scheme has been running since 2018. Certain eligible landlords and businesses can voluntarily sign up. Speak to your accountant or bookkeeper for more information.

Note: Your accountant or tax agent may sign you up on your behalf using a different process.



Learn more

To find out more about Making Tax Digital and how the introduction of MTD for Income Tax will affect you as a landlord, speak to your accountant or visit:

- freeagent.com/guides/making-tax-digital
- [gov.uk guidance on MTD for Income Tax](https://gov.uk/guidance/mtd-for-income-tax)

