# HMRC's Making Tax Digital to impose quarterly reporting on landlords and self-employed from 2026



Landlords and self-employed individuals earning above certain income thresholds will face a significant overhaul in how they report their income to HM Revenue and Customs (HMRC) beginning in April 2026. This development forms part of HMRC’s broader initiative called Making Tax Digital (MTD) for Income Tax, which seeks to modernise and digitalise the filing of personal tax returns.

Under the new system, those earning more than £50,000 from self-employment or property income will need to comply with quarterly submissions to HMRC, representing a shift away from the traditional annual tax return process. Approximately 780,000 individuals will be affected during this initial phase. The rollout will continue over the following two years, with those earning between £30,000 and £50,000 required to join in April 2027, and those with incomes above £20,000 by April 2028.

The income considered for the thresholds is based on gross earnings rather than net income after expenses, which may bring more taxpayers under the new requirements than previously anticipated. Andy Wood, an international tax specialist at Tax Natives, explained, "Many people assume these thresholds apply to their net income after tax relief, but that's not the case. It's based on total income before deductions, so the scope is broader than some might expect." He added, "This is the biggest change to personal tax reporting since Self Assessment was introduced," highlighting the increased administrative responsibilities for those affected.

For landlords, the changes signal the introduction of quarterly reporting duties on both income and expenses, on top of their existing annual tax return. Dawn Register, tax partner at BDO, noted the impact, stating, "Starting next April, there will be an extra reporting duty for landlords, who will be required to report their income and expenses on a quarterly basis with their usual annual tax return used to make any final adjustments after the end of the tax year." She pointed out that while this will create additional paperwork, HMRC aims to spread the administrative workload more evenly throughout the year.

The MTD system mandates that affected taxpayers maintain digital records, use compatible accounting software, and make quarterly submissions to HMRC. Andy Wood explained the core aim, "It's not just about moving tax online – it's about shifting to real-time reporting." He added that this fundamental change necessitates a different approach to financial management throughout the year, rather than the traditional once-a-year tax return submission.

HMRC believes that the digital transformation will improve tax accuracy, reduce errors, and save time by providing taxpayers with ongoing updates about their tax position. However, experts caution that the change may pose challenges, especially for smaller landlords and sole traders unfamiliar with digital accounting tools. Wood commented, "There are benefits to this system – especially for those already using cloud accounting software. But for many smaller landlords or sole traders, this could mean new costs, new software, and a steep learning curve."

In preparation for the changes, HMRC is encouraging early adopters to join the MTD testing programme. Participating ahead of the April 2026 deadline provides an opportunity to familiarise oneself with the new system and access dedicated support. Wood advised, "Signing up early is wise. It allows you to test-drive the system, work out any teething issues, and avoid a last-minute scramble in 2026. Taxpayers who prepare in advance will be in a far better position when the deadline hits."

With the phased implementation set to affect more than a million people over the next few years, landlords and self-employed individuals with significant property or business income are advised to consider their readiness for this pivotal shift towards digital tax reporting.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

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