

MTD for Income Tax (ITSA): quarterly preparation checklist

Mandatory from 6 April 2026 for sole traders and landlords with qualifying income over £50,000. From April 2027 for £30,000+. From April 2028 for £20,000+. Use this checklist each quarter.

Pre-MTD setup (one-off)

- Confirm your qualifying income for the prior tax year
- Choose HMRC-recognised software (Xero, FreeAgent, QuickBooks, GoSimpleTax)
- Sign up via gov.uk for MTD for Income Tax
- Connect your software to HMRC
- Set up digital records of all income and expenses (no paper-only records)
- If you use a spreadsheet, install MTD-compatible bridging software

Each quarter (within one month of the quarter end)

- Reconcile bank account against software for the quarter
- Categorise all income transactions
- Categorise all expense transactions
- Resolve any uncategorised entries
- Run the quarterly summary report
- Submit the quarterly update to HMRC via your software
- Save a PDF copy of the submission confirmation

End-of-period statement (after tax year)

- Make any accounting adjustments (accruals, prepayments, depreciation)
- Confirm allowable vs disallowable expenses
- Submit end-of-period statement (EOPS) for each income source
- Submit final declaration
- Pay any tax due by 31 January

MTD ITSA penalties use a points-based system. Late submissions accrue points; once a threshold is reached, a £200 penalty applies plus £200 for each subsequent late submission.