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.

Free template, share freely. Not personal tax advice.