November 2025

Mandation Letter

You will need to change the way you report your income and expenses to HMRC

We're introducing Making Tax Digital for Income Tax for some sole traders and landlords.

You'll need to use Making Tax Digital for Income Tax from 6 April 2026 as your total income was over £50,000 from self-employment and property in your 2024 to 2025 tax return. This is your qualifying income which is worked out before expenses or taxes are deducted.

If we've already confirmed that you're digitally excluded for Making Tax Digital for Income Tax, please ignore this letter.

What is Making Tax Digital for Income Tax

Making Tax Digital for Income Tax is a new way for sole traders and landlords to report income and expenses to HMRC. You, or your agent if you have one, will need to use software that works with Making Tax Digital for Income Tax to:

- create, store and correct digital records of your self-employment and property income and expenses
- send your quarterly updates to HMRC
- submit your tax return by 31 January the following year.

Act now to get ready for 6 April 2026

You will need to:

- get commercial software that works with Making Tax Digital for Income Tax to keep digital records, submit quarterly updates and file your tax return. From the 2026 to 2027 tax year, you'll no longer be able to file using the current HMRC Online Tax Return system or by paper.
- sign up for Making Tax Digital for Income Tax, so you're ready to use the service from 6 April 2026.

If you have a tax accountant or agent, you should speak to them first about what you need to do and provide them with a copy of this letter.

Please scan the QR code at the top of this letter for more guidance on the steps you need to take to prepare. You can also find information on exemptions and what to do if you do not think you need to use Making Tax Digital for Income Tax.

Alternatively, go to GOV.UK and search for 'Making Tax Digital for Income Tax for sole traders and landlords: step by step'.

Your 2025 to 2026 Self Assessment tax return

You should still submit your tax return for the 2025 to 2026 tax year as normal.

New penalties for the 2026 to 2027 tax year onwards

Under the new late submission penalties, you won't get a financial penalty if you make a one-off mistake by submitting a quarterly update or tax return late. If you miss a submission deadline, you'll receive a penalty point. A financial penalty only applies if you receive four penalty points.

There are also new penalties for late payment of tax, which are more proportionate to how long it takes you to pay what you owe.

November 2025

Unrepresented Customer Letter

You may need to change the way you report your income and expenses to HMRC

We're introducing Making Tax Digital for Income Tax for some sole traders and landlords. It's a new way of recording and reporting your income and expenses.

You'll need to use Making Tax Digital for Income Tax from 6 April 2026 if you have a total income of over £50,000 from self-employment and property in the 2024 to 2025 tax year. This is your qualifying income which is worked out before expenses or taxes are deducted.

What you need to do next

Please scan the QR code at the top of this letter to find out more about Making Tax Digital for Income Tax or go to makingtaxdigital.campaign.gov.uk.

After checking your qualifying income, if this change applies to you, you'll need to get commercial software that works with Making Tax Digital for Income Tax to:

- create, store and correct digital records of your self-employment and property income and expenses
- send your quarterly updates to HMRC
- submit your tax return.

You'll then need to sign up for Making Tax Digital for Income Tax, so you're ready to use the service from 6 April 2026.

You should still submit your tax return for the 2025 to 2026 tax year through the existing Self Assessment system by 31 January 2027.

From the 2026 to 2027 tax year, you'll no longer be able to file using the current online method or by paper.

If someone helps you with your tax, you should speak to them first about what you need to do.

How to get software that meets your needs

HMRC will not supply software for Making Tax Digital for Income Tax. You can find software that best suits your needs by using our software finder tool. If you currently use spreadsheets to keep digital records, you can also find bridging software that connects to your existing records and makes submissions to HMRC.

To find the tool and for more information about software, go to GOV.UK and search 'Choose the right software for Making Tax Digital for Income Tax'.

If you are already using software, you may want to check with your provider if their software works with Making Tax Digital for Income Tax.

More information

You can register to join a live webinar or watch a recording to help you get ready. Go to GOV.UK and search 'HMRC videos and webinars for Making Tax Digital for Income Tax'.

For more guidance on the steps you need to take to prepare go to GOV.UK and search for 'Making Tax Digital for Income Tax for sole traders and landlords: step by step'.

You can also find information on exemptions and what to do if you do not think you need to use Making Tax Digital for Income Tax. If we've already confirmed that you're digitally excluded for Making Tax Digital for Income Tax, please ignore this letter.