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.