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Accountancy & Advisory

Navigate Making Tax Digital with confidence

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The shift to digital

Making Tax Digital (MTD) is a key part of HMRC's long-term plan to modernise and streamline the UK tax system. Designed to improve accuracy, reduce errors and enhance transparency, MTD represents a significant shift in the way individuals and businesses manage and report their tax information.

From April 2026, self-employed individuals and landlords with a total income above £50,000 will be required to keep digital records and submit quarterly updates to HMRC using MTD-compatible software. This threshold will fall to £30,000 from April 2027, meaning even more people will be brought into the new system over time.

Under the new approach, the traditional once-a-year Self-Assessment tax return will be replaced with four submissions throughout the year, followed by a final declaration at the end of the tax year. These updates must be made using approved software, such as Xero or other HMRC-recognised platforms. Many of these providers are already involved in a public beta programme, which offers businesses and individuals the opportunity to prepare for the changes in advance.

The shift to digital reporting brings a range of benefits. By replacing manual paperwork and spreadsheets with automated, real-time record-keeping, MTD helps taxpayers stay compliant and avoid the risk of fines or missed deadlines. It also improves visibility of your tax position, allowing you to manage cash flow better, plan ahead and make informed financial decisions throughout the year.

For HMRC, the move to MTD is also intended to reduce the tax gap, which refers to the billions of pounds lost each year due to avoidable mistakes in tax reporting. By standardising the submission process and ensuring that records are kept digitally, MTD is designed to make tax reporting more accurate, efficient and fair for everyone.

Whether you are a landlord, sole trader or small business owner, understanding the requirements and preparing early will be key to making the transition as smooth as possible.

What MTD means for the self-employed

If you're self-employed, MTD will introduce a fundamental change in how turnover and expenses are reported. Rather than filing a single Self-Assessment return annually, you will need to submit quarterly summaries of your turnover and costs, followed by a final declaration. If your turnover is under £90,000, you will be able to opt for a simplified process, reporting total turnover and total expenses instead of detailed breakdowns.

All submissions must be made using HMRC-approved software, such as Xero, IRIS, Sage or QuickBooks. A full list of compatible software providers is available here. While these tools can help streamline bookkeeping and improve accuracy, the move to quarterly reporting may increase the time and effort required to stay on top of your financial admin. However, the benefit is that you will gain more regular insights into your tax position, which can support better budgeting and cash flow management throughout the year.

It is important to note that failure to meet the new requirements, such as missing deadlines or using unsupported software, could lead to penalties. Staying organised and adopting the right systems early will be key to managing the transition successfully.

What MTD means for landlords

If you're a landlord, you will also be affected by the introduction of MTD, particularly if your combined gross income from property and/or self-employment exceeds the £50,000 threshold, reducing to £30,000 from April 2027.

From April 2026, you will need to maintain digital records of income and expenditure and submit quarterly updates to HMRC via compatible software, in addition to a final year-end declaration.

The requirement to use MTD compatible software may represent a significant change for landlords currently relying on spreadsheets or manual methods. Platforms like Xero, IRIS, Sage or QuickBooks and landlord-specific tools such as Hammock are already set up for MTD compliance and can help simplify the transition. If you're less familiar with accounting software, you may need additional support or training to get comfortable with the new system.

It is also important for landlords to consider ownership structures. MTD applies to individuals, not limited companies, so how the property is owned, whether individually, jointly or via a company, can affect how the rules are applied. As with self-employment, penalties will apply for missed submissions or non-compliance with the digital requirements, making early preparation essential. And it's always advisable to take advise before making any changes to an ownership structure.

Preparing for the switch

If you are self-employed or a landlord with qualifying income, the first step is to confirm whether the new rules will apply to you. If you're unsure, the team at Hayward Wright can assess your situation and provide clear advice on your responsibilities.

Once confirmed, the next step is to select appropriate software. Only HMRC-recognised platforms can be used to maintain digital records and submit quarterly updates. A full list of compatible software providers is available here. In many cases, accountants can offer discounted rates on software subscriptions, making it worthwhile to speak to your adviser before purchasing directly.

To support the transition to MTD, we are running Xero training webinars that are open to clients and non-clients alike. These sessions are designed to be cost-effective, practical and easy to follow. For those keen to get ahead, HMRC's beta programme for early adopters offers a chance to familiarise yourself with the new process before the official launch. If this is of interest, speak to a member of the Hayward Wright team on how to get involved.

From set up to submissions

We are here to explain the changes, explore your options and help you plan so you are fully prepared when the rules come into force.

At Hayward Wright, we are committed to making your transition to MTD as smooth and straightforward as possible. We begin by offering a free MTD status check, confirming whether you fall within the scope of the new rules and identifying what steps you need to take.

Our team will assist with choosing the right software, setting it up and integrating it with your existing systems. We can also offer discounted software subscriptions, helping you save money while staying compliant. Whether you want full-service support or prefer a more hands-on approach, we provide flexible packages to match your preferred level of involvement.

To help you build confidence in managing your own records and submissions, we offer both group webinars and one-to-one training sessions focused on Xero and other MTD-compliant platforms. Our support does not end once you are set up. We will continue to provide reminders, guidance and practical advice to help you remain compliant and avoid common pitfalls.

For those interested in joining HMRC's early adopter programme, we can facilitate access and provide support during the beta testing phase. And if you have questions, we are developing a suite of blog posts and videos to address the most common concerns, or you can speak to a member of the team directly.

Whether you are a landlord, a self-employed individual, or just looking to understand what MTD means for your business, we are here to help.

Key members of our team

Alistair Hayward-Wright

Director & Head of Acquisitions

Tel: 07843 058 794
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Alistair is the founder and Managing Director of Hayward Wright Accountancy Group having started the firm in 2007. He is ACA-qualified with the ICAEW and a well-known business entrepreneur and leader with a strong network across the Midlands region. Through his leadership, the Hayward Wright Accountancy Group has grown both organically and through acquisitions to build a significant practice with three offices employing some 28 staff and more than 1,500 clients. Today, the firm has an outstanding reputation for its proactive and client-focused approach and its investment in its people and their development.

Chloe Blackwell

Client Director & Head of People

Tel: 07944 065 418
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Chloe is an ACCA qualified Director at Hayward Wright, advising owner-managed businesses and individuals across a range of sectors. She provides strategic support across management accounts, VAT, bookkeeping, tax, and general business advice and builds strong and lasting relationships with clients to help them achieve their goals. Chloe also supports the firm's recruitment and manages relationships between the firm and our training providers.

Sam Paice

Practice Director & Head of Client Experience

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Sam is the Practice Director and an integral part of the Hayward Wright team. Helpful, efficient, and always busy, Sam plays a pivotal role in the day-to-day running of the practice. Sam oversees the general office management for the firm as well as supporting marketing and events activities that all come within her remit. In addition, clients know they can rely on her for a fast turnaround in their company secretarial work.

Tom Casey

Client Director & Head of Internal Finance

Tel: 07584 631 511
Email: tom@haywardwright.co.uk

Tom is a Director at Hayward Wright and a key senior member of the team. His strength lies in his ability to get under the skin of a business, understand a client's goals and then put an accounts system in place that helps a business create efficiencies, leaving them free to concentrate on the things that matter.

Paul Moore

Client Director & Head of Tech Sector

Tel: 07764 689 760
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Paul is a highly experienced finance professional and entrepreneur and specialises in new business, M&A, turnaround and rationalisation, and interim FD support.

Rob Carroll

Client Director & Head of Operations

Tel: 07802 457 317
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Rob specialises in supporting both SME's and start ups to ensure they have the right accountancy support and financial systems in place as part of their business and growth plan. He also works closely with our clients to ensure business owner-managers, directors, and management teams have the right data and information needed to inform their decisions and succeed.

Ollie Newburn

Client Manager

Tel: 07791 632 108
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Ollie is extremely tech savvy and helps our clients get to grips with accounting software such as Xero and Dext. In addition to preparing accounts and tax returns, he delivers tailored training to help business owners get the most from their software including advice on simplifying and automating business processes.

Sarah Powell

Client Manager

Tel: 07356 318 456
Email: sarah@haywardwright.co.uk

Sarah has experience in providing general accountancy support to clients, general business admin, preparing personal tax returns, completing VAT returns, payroll, and CIS returns. She also prepares accounts and corporation tax returns for a range of types of organisations including limited companies, community interest companies, charities and sole traders.

How to get in touch and find us

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Redditch office

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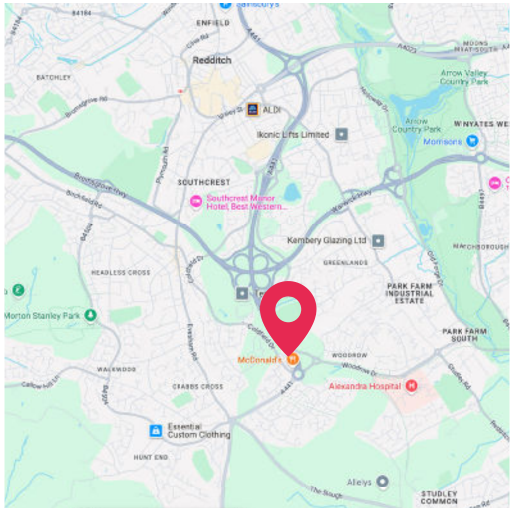

Worcester office

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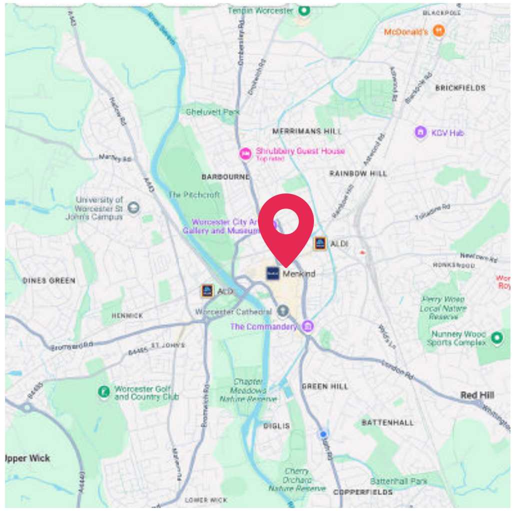

Cannock office

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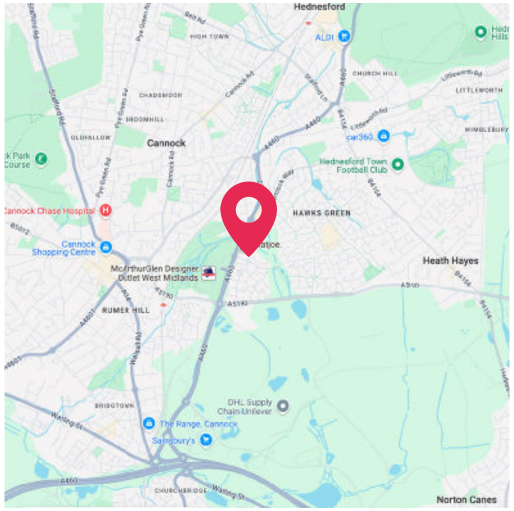

Birmingham office

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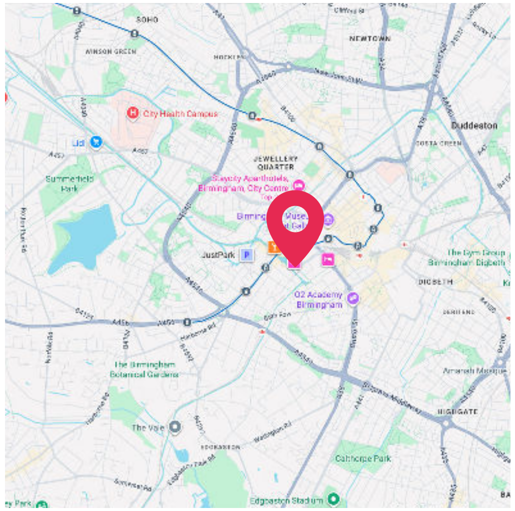

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