

MTD Readiness Checklist for SMEs

Making Tax Digital preparation for sole traders, landlords and small business owners

Use this checklist if you need to prepare for Making Tax Digital for Income Tax, check whether you are in scope, choose compatible software, or get your digital records ready before your deadline.

Check your income	Get software ready	Avoid deadline stress
Work out whether sole trade or property income brings you into scope.	Choose compatible software and prepare digital record-keeping routines.	Plan quarterly updates, final declaration of tasks, and responsibilities early.

How to use it

Tick the items you can confidently answer today. Circle anything that needs checking with HMRC, your software provider or your accountant. Use the score at the end to decide your next action.

1. Check whether MTD applies to you

- We know whether our income comes from self-employment, UK property, or both. *These are the main income types covered by MTD for Income Tax.*
- We have checked gross qualifying income before expenses. *Do not use profit after costs.*
- We know which threshold applies to us. *Over £50,000 from April 2026, over £30,000 from April 2027, and over £20,000 from April 2028.*
- We have checked what income is excluded. *Employment income, dividends, savings interest, pensions and capital gains do not usually count.*

2. Confirm your HMRC position and deadlines

Make sure you know when action is actually needed.

- We have checked HMRC guidance or used the HMRC tool to confirm when we need to use MTD.
- We have saved any HMRC letter or notice about MTD. *Keep it with your tax records.*
- We know that MTD requires digital records, quarterly updates and a final declaration.
- We have added key dates to our calendar. *Include quarterly updated windows, internal review dates, and year-end tasks.*
- We understand tax payment dates do not change just because MTD applies. *Cash flow planning still matters.*

3. Choose compatible software

MTD submissions must be made through compatible software.

- We know whether our current bookkeeping software supports MTD for Income Tax.
- We have checked whether we need cloud accounting software or bridging software. *Bridging software may help if you still use spreadsheets.*
- We know who will submit quarterly updates. *Business owner, bookkeeper or accountant.*
- Our software can separate business and property income clearly. *Useful if you have more than one income source.*
- We have tested how invoices, receipts and bank transactions will be captured digitally.

4. Build a digital record-keeping routine

The smoothest transition comes from regular habits, not a year-end scramble.

- Income and expenses are recorded digitally throughout the year.
- Receipts and invoices are stored in a consistent digital format. *For example, uploaded to software or saved in a structured folder.*
- Bank accounts and payment methods are easy to reconcile.
- Transactions are categorised regularly rather than only at year end.
- Someone checks the records each month or quarter. *This keeps the quarterly update process manageable.*

5. Prepare for quarterly updates and the final declaration

Quarterly updates are not four full tax returns, but they do need a process.

- We understand what information will be included in quarterly updates. *Year-to-date income and expenses from digital records.*
- We know whether updates are needed for more than one income source. *For example, sole trade and property income.*
- We have agreed an internal deadline before each HMRC deadline.
- We know what will still be dealt with at year end. *Adjustments, reliefs, and final declaration.*
- We have a plan for reviewing figures before submission. *Avoid sending incomplete or unclear data.*

6. Reduce disruption and penalty risk

Give MTD an owner before deadlines arrive.

- We know who is responsible for MTD readiness in the business.
- We have reminders for quarterly updates and year-end tasks.
- We know how missing submission deadlines may affect penalties. *Penalty rules can apply to missed obligations.*
- We have a backup plan if software, records or access are unavailable close to a deadline.
- We have spoken to our accountant about the next practical step. *Ask what to do now, what can wait, and what must be ready before sign-up.*

Your readiness score

0–8 ticks: start with qualifying income and software. 9–18 ticks: build your digital record routine. 19+ ticks: refine your quarterly update process and confirm sign-up timing.

Top gap to close

Owner	
Target date	
First action	

Useful links and examples

Use these when checking whether you are in scope, choosing software or preparing your MTD process

- [HMRC - Making Tax Digital for Income Tax step-by-step guidance](#)
- [HMRC - Work out your qualifying income for MTD](#)
- [HMRC - Find out if and when you need to use MTD for Income Tax](#)
- [HMRC - Sign up for Making Tax Digital for Income Tax](#)
- [The Green Accountants - Services](#)

Need help getting ready for MTD?

The Green Accountants can help you check whether MTD applies, choose the right software, set up digital records and build a quarterly process that works before the deadline arrives. Visit thegreenaccounts.co.uk/contact to get in touch.