

# MTD For Landlords

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# What is MTD?

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- Making Tax Digital (MTD) is HMRC's plan to move tax reporting online
- To make tax reporting easier, more accurate and more efficient.
- Individual's/businesses must use an approved software to keep digital records
- Tax information will need to be submitted more regularly instead of an annual return.



# Who does this affect and when does it start?

MTD for landlords and self-employed will be rolled out in stages:

- Starting from the 6<sup>th</sup> April 2026, if your 'qualifying income' is over £50k
- From 6<sup>th</sup> April 2027, the threshold drops to £30k
- From 6<sup>th</sup> April 2028, the threshold will be £20k

These thresholds are based on qualifying income NOT profit.

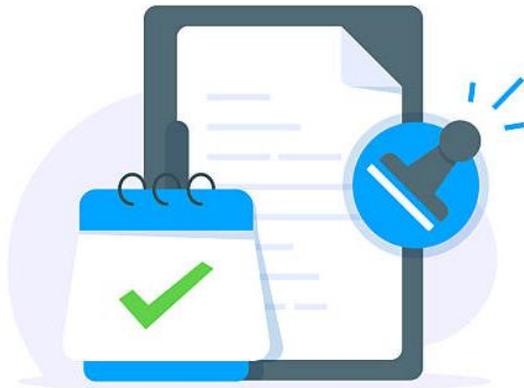
'Qualifying income' refers to the total income before expenses from self-employment and property income.



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# Submitting each return

Each tax year individuals (who are above the threshold) will have to submit 5 returns:

- 4 Quarterly submissions
- 1 Regular Year End Tax Return

The quarterly returns will only consist of 3 figures:

- Total rent/property income received during the quarter
- Allowable expenses (summarized)
- Profit/Loss

A full, detailed breakdown is sent in the standard tax return after the tax year ends. Alongside all other income or reliefs.

# Filing Deadlines & Penalties

- The filing deadline for the annual tax return will not change and will still be the 31<sup>st</sup> January of the following year.
- No penalties for the 1<sup>st</sup> tax year 2026/27
- Penalty point for each late filing after this



	Period Covered	Deadline Date
Q1	6 <sup>th</sup> April – 5 <sup>th</sup> July	7 <sup>th</sup> August
Q2	6 <sup>th</sup> July – 5 <sup>th</sup> October	7 <sup>th</sup> November
Q3	6 <sup>th</sup> October – 5 <sup>th</sup> January	7 <sup>th</sup> February
Q4	6 <sup>th</sup> January – 5 <sup>th</sup> April	7 <sup>th</sup> May



**FreeAgent**



Software must be HMRC compatible for MTD filing, some readily available are:

- Quickbooks
- Sage
- Xero
- Free Agent
- Dext
- Hammock
- Apari

There is also a list available on HMRC's website for all compatible software

## MTD Software



**Dext**  
By IRIS



**Sage**



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Autumn Budget 2025 - What's changing for landlords?



- Higher tax on rental income from April 2027.
- New ‘mansion tax’ from April 2028.



Property Value Band	Annual Surcharge Amount
£2 million to £2.5 million	£2,500
£2.5 million to £3.5 million	£3,500
£3.5 million to £5 million	£5,000
Over £5 million	£7,500

# Worked Examples



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## Sole income - Two Properties

	Before (20%)	After (22%)
Gross rent	£60,000	£60,000
Expenses	£10,000	£10,000
Net rental profit	£50,000	£50,000
Mortgage interest paid	£25,000	£25,000
Less personal allowance	£12,570	£12,570
Taxable profit	£37,430	£37,430
Tax on rental profit	£7,486	£8,234.60
Mortgage-interest credit	£5,000	£5,000
Final tax payable	£2,486	£3,234.60
% Increase		30.1%

**Cash Profit (post interest):** £25,000

**Cash After Tax (Before):** £22,514.00

**Cash After Tax (After):** £21,765.40

# Worked Examples



## Individual with £40k Salary + Rental Income

	Before (20% / 40%)	After (22% / 42%)
Employment income	£40,000	£40,000
Personal allowance used by salary	Yes	Yes
Rental profit	£20,000	£20,000
Mortgage interest paid	£10,000	£10,000
Basic-rate portion	£2,054	£2,259.40
Higher-rate portion	£3,892	£4,086.60
Total tax on rental profit	£5,946	£6,346
Mortgage-interest credit	£2,000	£2,000
Final tax payable	£3,946	£4,346
% Increase		10.1%

**Cash Profit (post interest):** £10,000

**Cash After Tax (Before):** £6,054.00

**Cash After Tax (After):** £5,654.00

# Our Approach

Finsbury Robinson are offering a free 30 min consultation with one of our senior accountants.

This can be done via a video call or telephone.

If you would like to book a free consultation, please email our admin team via this email address:

[kaly@finsburyrobinson.co.uk](mailto:kaly@finsburyrobinson.co.uk)

Or call our office:

0208 858 4303

