

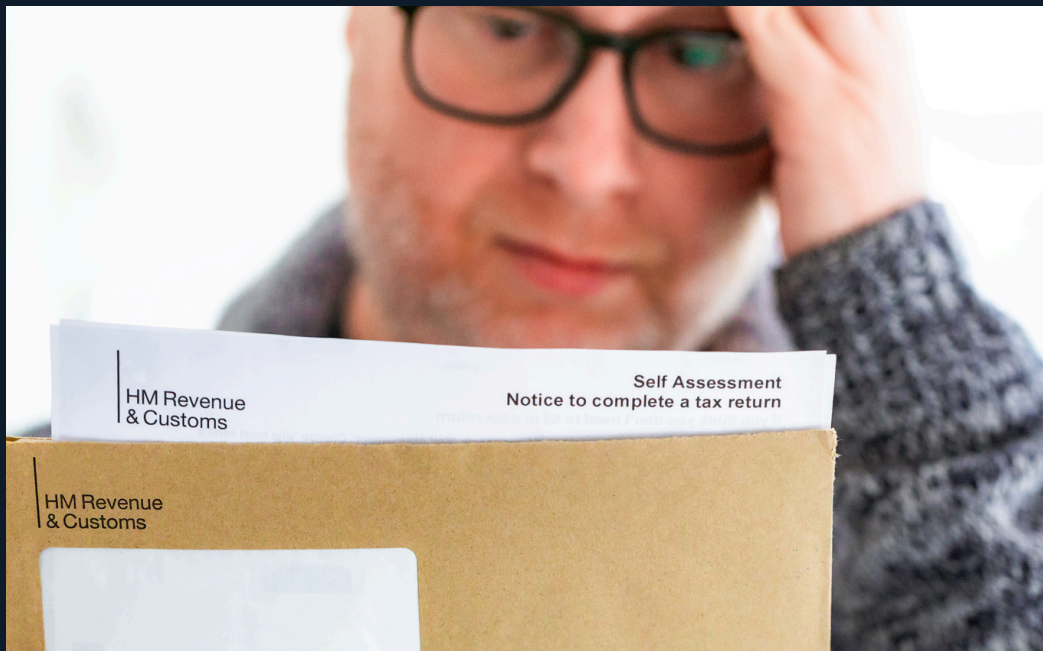


THE BRUTALLY HONEST MTD IT GUIDE

Everything you need to know about Making
Tax Digital for Income Tax in plain English

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CUT THROUGH THE GOVERNMENT JARGON



If you've tried reading HMRC's guidance on MTD IT and felt like you needed a degree in bureaucracy to understand it, you're not alone.

This guide cuts through the jargon and tells you exactly what's happening, when, and what it means for your business.

No sugar-coating, no government-speak - just the facts you need to make informed decisions.

Plus: We'll tell you the truth about software options that some providers would rather you didn't know.

P A R K S B O O K K E E P I N G . C O . U K



KIM PARKS

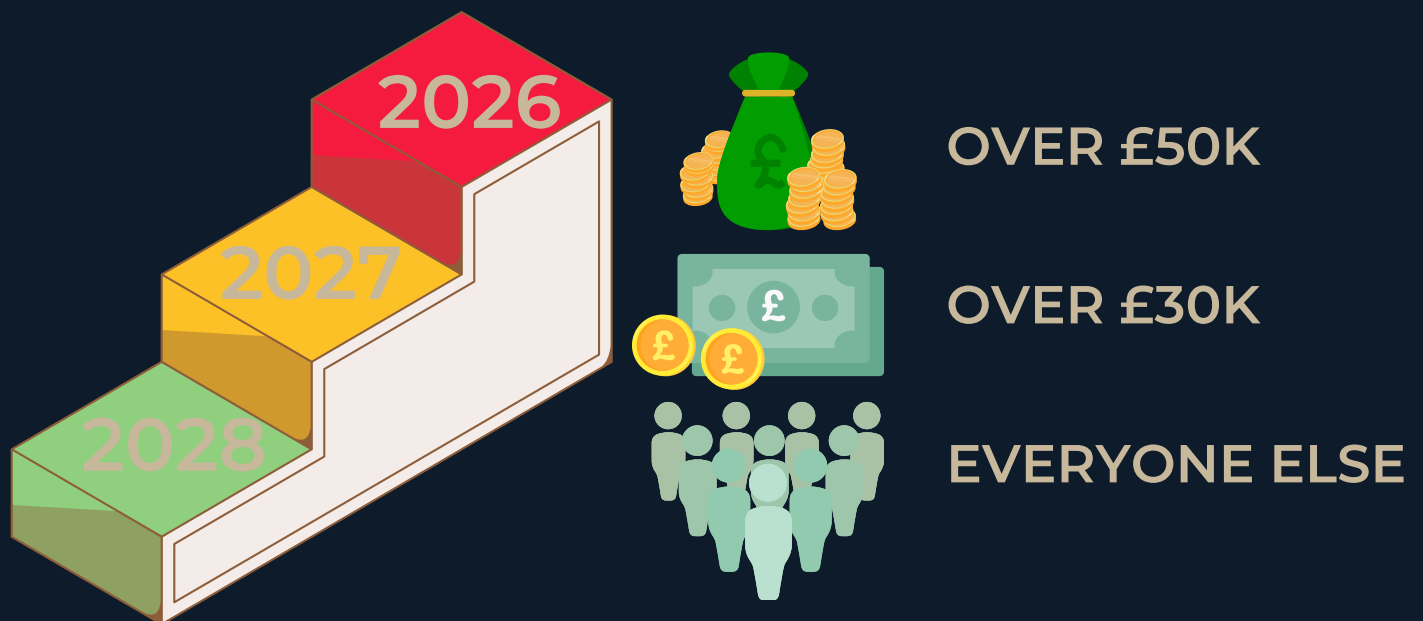
FOUNDER OF PARKS BOOKKEEPING AND ACCOUNTANCY SERVICES

With over 35 years of experience supporting small businesses in the UK, I've worked closely with owners in catering, construction, and creative industries to help them take control of their finances—without the faff. I know first-hand the pressures of running a busy business and how bookkeeping can quickly become overwhelming.

That's why I created this eBook—to share the tools, tips and systems that actually work in real life, not just in theory. Whether you're working front of house, on site, or behind a laptop, you deserve bookkeeping that feels clear, simple, and supportive.

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WHO'S AFFECTED



THE ROLLING TIMELINE: WHO'S REALLY IN SCOPE?

April 2026 - £50,000+ threshold

If you're a sole trader and/or landlord with combined income over £50,000 from:

- Self-employed income (one or more businesses)
- UK property rental income
- Overseas property rental income

April 2027 - £30,000+ threshold

Threshold drops to £30,000 combined income (approximately 600,000 more people brought into scheme)

April 2028 - Everyone else

All remaining sole traders and landlords, regardless of income level

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PARTNERSHIP MTD: WHO NEEDS WHAT?



THE PARTNERSHIP BUSINESS ITSELF



Partnership businesses (including LLPs) with turnover over £50,000 need quarterly MTD submissions **ONLY** from April 2026.

INDIVIDUAL PARTNERS



Partners are NOT in scope for MTD on their partnership income.

BUT: If you're a partner AND you have separate income sources:

- Your own sole trader business
- Property rental income
- Other self-employed work

Then: You need MTD for those non-partnership income sources if they exceed the thresholds.

Simple Examples

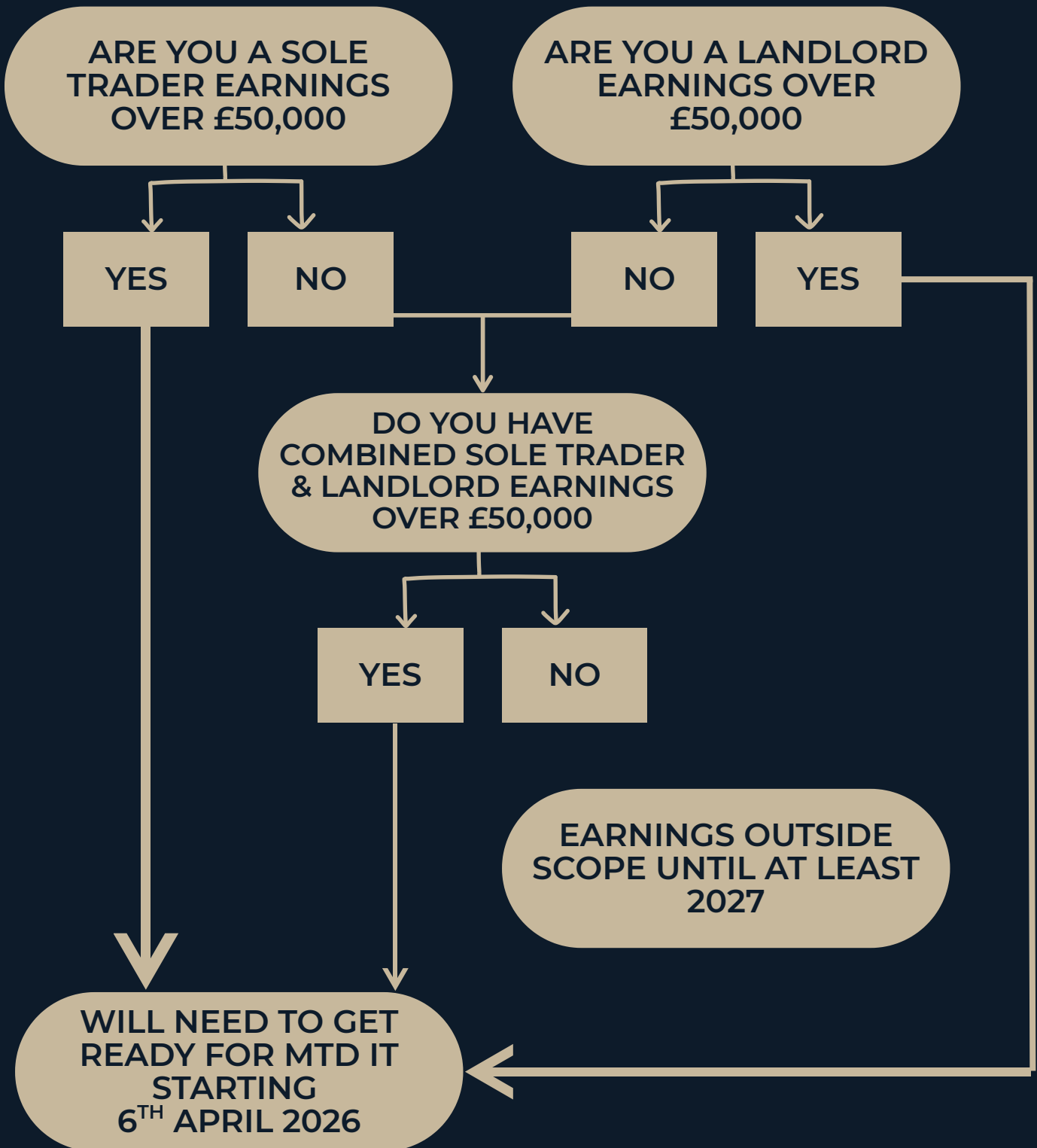


Partner A: Only gets partnership income = **No MTD needed**

Partner B: Partnership income + £30k sole trader work = **Needs MTD for the sole trader bit**, but not until April 2027 if income level stays the same or increases

Partner C: Partnership income + £25k rental income = **Needs MTD for the rental income**, but not until April 2028 no matter if it increases or decreases

QUICK CHECK



REAL EXAMPPLES

Example 1:

Freelance designer earning £35k + rental income £20k = £55k total = IN SCOPE April 2026



Example 2:

Plumber earning £45k + no property = NOT in scope until April 2027

Example 3: Landlord with £25k rental income + no other business = NOT in scope until April 2028



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WHAT CHANGES



Before MTD IT

- One Self Assessment return per year
- Submit by 31st January
- Pay tax owed and two payments on account for next year



After MTD IT

- Four quarterly updates per year
- One final declaration (replaces SA return)
- Tax still paid the same way



Key Point: Quarterly updates aren't "mini tax returns" - they're simply snapshots of income and expenses for that quarter. The real tax calculations happen at year end.

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2026/27 KEY DATES



Q1

Reporting Dates
6th April to 5th July

Submission Deadline
7th August

Q2

Reporting Dates
6th July to 5th October

Submission Deadline
7th November



Q3

Reporting Dates
6th October to 5th January

Submission Deadline
7th February

Q4

Reporting Dates
6th January to 5th April

Submission Deadline
7th May



Final Declaration
Replaces Self Assessment

Submission Deadline
31st January

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WHAT YOU'LL ACTUALLY NEED



MTD-compatible software



Digital record keeping



Quarterly submission capability

**Plus the things most
people don't realise:**



Bank feeds that actually work reliably



Backup systems for when technology fails



Understanding of what qualifies as "digital records"



Knowledge of which personal purchases are business expenses

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SOFTWARE REALITY CHECK: THE TRUTH ABOUT YOUR OPTIONS

HMRC's "Free" Software Promise

HMRC says they'll provide free software for "straightforward cases" (unincorporated businesses under VAT threshold with no employees).



VS



The Reality:

This will be very basic. Think "calculator that talks to HMRC" rather than proper business software.

Hidden costs of free/cheap software:



Your time learning inadequate systems



Errors from poor bank feed connections



Limited support when things go wrong



Penalty costs from missed deadlines

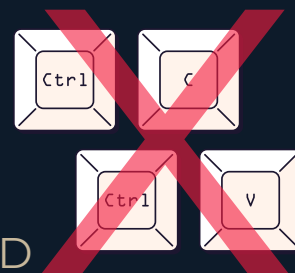


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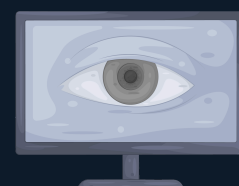
THE SPREADSHEET TRAP: WHY EXCEL ISN'T MTD-COMPATIBLE

HMRC Bans Copy & Paste (well, it was already banned)

You cannot copy and paste figures from Excel for MTD submissions. HMRC's systems can detect copy/paste activity and consider it non-compliant.



The penalty risk: Copy/paste breaks MTD digital link requirements.



The Cost Reality:



VS



Want to keep Excel? You need MS 365 (£5-6/month inc VAT) PLUS bridging software (£1-2/month inv VAT).

Total cost: £7-8/month for spreadsheet functionality.

Xero Simple: £8.40/month inc VAT for professional software with much better functionality, quick submissions, and business insights from your figures.

The reality: You're paying the same price for inferior, complicated solutions when proper MTD software costs about the same and gives you so much more.

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SOFTWARE COMPARISON



Xero Simple

(£7+VAT/month):

✓ Built specifically
for MTD compliance

✓ Reliable bank feeds

✓ Clean, intuitive
interface

✓ Proper partner
support network

✓ Scales up if
business grows

**QuickBooks Sole
Trader**

(£8+VAT/month):

✗ Simplified version
of full QB (limited
features)

✗ Bank feed issues
reported by users

✗ Less intuitive for
UK tax requirements

✗ Harder to find
qualified support

✗ Limited scalability
options

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WHAT TO AVOID



✗ Any software that doesn't explicitly mention MTD IT compliance

✗ Providers with poor UK customer support

✗ "Too good to be true" pricing

✗ Software that doesn't integrate with your bank

✗ Systems that don't handle the "forgotten" expenses (personal purchases for business use, unknown allowances)

YOUR PREPARATION TIMELINE



Start Now (Before December 2025)

Why December matters:

Get comfortable with new software

Build quarterly habits gradually

Avoid the April 2026 rush

Lock in current pricing before increases

6th April 2026 - Start of MTD IT for Sole Traders with > £50k income

The things you don't realize you need to organise:



Personal purchases made for business use



Mileage records (if not claiming actual vehicle costs)



Work from home evidence



Professional courses paid personally

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DECEMBER 2025 SETUP CHECKLIST

✓ Choose MTD-compatible software

✓ Set up reliable bank feeds

✓ Organize existing records

✓ **Audit personal accounts** for business purchases

✓ **Set up mileage tracking** (if applicable)

✓ **Document home office setup** for work from home claims

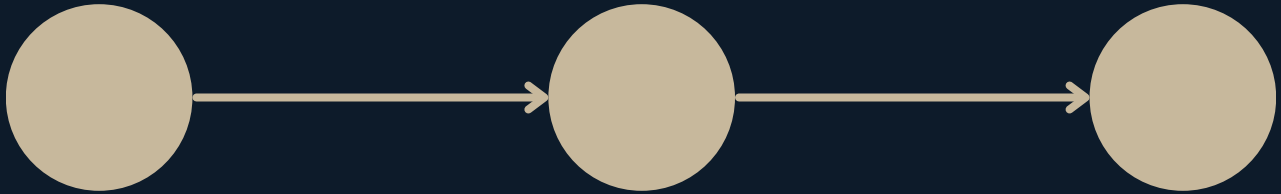
✓ Run practice quarterly reports

✓ Establish bookkeeping routine



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JANUARY-MARCH 2026: TESTING PHASE



Run "practice" quarterly updates

- Iron out any software issues
- Refine your record-keeping process
- Test personal expense claiming process
- Get comfortable with deadlines

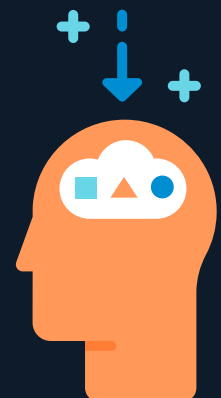


Review your forgotten deductions:

Trading allowance (£1,000) eligibility

Property allowance (£1,000) if applicable

Annual Investment Allowance opportunities



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APRIL 2026: GO LIVE

- ✓ Submit first official quarterly update
- ✓ You're already confident and prepared
- ✓ No panic, no rush, no stress
- ✓ **Your personal business purchases are organised**
- ✓ **You know which allowances apply to you**



What you're avoiding: Scrambling to learn software, organizing messy records, fighting with customer support, missing deadlines

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COST REALITY: WHAT MTD IT ACTUALLY COSTS

DIY Approach Annual Costs

Software: £100-200/year minimum

Your time learning: 10-20 hours initially

Quarterly preparation: 2-4 hours per quarter

Year-end reconciliation: 4-8 hours

Risk of penalties if you get it wrong

Risk of missing allowances worth hundreds

Total DIY cost: £200-400 + 30+ hours of your time (at your hourly rate) + penalty risk



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PROFESSIONAL SERVICE COMPARISON

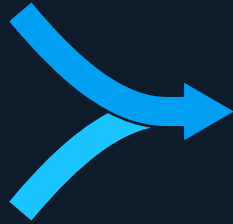
SERVICES	MTD IT ONLY	FULL	PBAS
Bookkeeping included	✗	✓	✓
Quarterly MTD submissions	✓	✓	✓
Year end Final Declaration	✓	✓	✓
Personal expense audit	✗	?	✓
Work from home optimisation	✗	?	✓
All allowances checked	✗	?	✓
Unlimited ongoing advice	✗	✗	✓
Response time guarantee	✗	✗	✓
Business insights from your numbers	✗	✗	✓
Professional network access	✗	✗	✓
Checking service option(DIY bookkeeping)	✗	✗	✓
Transaction limits clearly stated	✗	✗	✓
Fixed annual pricing (paid monthly)	✗	✗	✓
No hidden costs	✗	✗	✓
Dedicated UK based accounting professional	?	?	✓
Professionally qualified to UK standards	?	?	✓
Regulated practice by ICB & HMRC	?	?	✓
35+ years experience in both industry and practice	?	?	✓

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THE BOTTOM LINE

MTD IT isn't optional - it's coming whether you're ready or not.

Path 1: Calm & Prepared



MTD IT begins 6th April 2026

Path 2: Stressed & Chaotic

Your choice:

Prepare now while support is available and you have time to learn

OR

Join the April 2026 scramble with everyone else who waited



The businesses that thrive are the ones that get ahead of mandatory changes rather than react to them.



Smart move: Get set up now, while you can choose your software, find good support, and avoid the rush.

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READY TO GET AHEAD OF MTD?

Free MTD Setup Available

We're helping forward-thinking businesses prepare for MTD with free Xero Simple setups.

Why wait until everyone's scrambling for help?

Contact us to secure your spot before the April 2026 rush.

GRAB YOUR FREE CALL

DIARY BOOKING PAGE

OR DROP US A MESSAGE

EMAIL US

**OR SCAN THE BARCODE
TO WHATSAPP THE TEAM**



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