ZAZEN TAX

Making Tax Digital for Landlords

About fifty five minutes. Most of it is working out whether you are in scope, which turns on the gross rent rather than anything you keep.

Checked by .... **Tax year** .... **Date** ....

Making Tax Digital for Income Tax replaces the annual return with four quarterly updates and a year-end declaration. Property income counts, it counts gross, and the first phase started on 6 April 2026.

1. Are you in scope about 15 minutes

- [ ] **Add your gross rent, before any expense at all**
  Not profit, not rent after the agent takes their fee. The rent the tenant pays.
- [ ] **Add any self employment income to it**
  They are added together, not measured separately. Property alone may be under the line where the two together are not.
- [ ] **Check the total against the three thresholds**
  Over £50,000 from 6 April 2026. Over £30,000 from 6 April 2027. Over £20,000 from 6 April 2028.
- [ ] **Remember it is measured two years back**
  The 2026 start uses your 2024 to 2025 figures, so it was decided before you looked.

WHERE LANDLORDS GET THIS WRONG

> The finance cost restriction makes taxable profit look small while the rent stays large, and it is the rent that counts. A landlord taking £60,000 of rent with £45,000 of interest has very little profit and is in scope from April 2026 all the same.

2. Jointly owned property about 10 minutes

- [ ] **Count your share of the rent, not the whole**
  Your qualifying income is your share. A couple owning a £60,000 portfolio equally have £30,000 each.
- [ ] **Check the beneficial ownership actually matches**
  Married couples are taxed 50:50 by default whatever the deeds say, unless a Form 17 election says otherwise.
- [ ] **Agree who keeps the digital records**
  Both of you report your share, so both of you need figures that agree.

3. Software about 10 minutes

- [ ] **Check it is on HMRC's compatible list**
  A spreadsheet alone is not enough unless bridging software carries the figures across.
- [ ] **Make sure it handles property, not just self employment**
  They are separate income sources with separate updates. Not every package does both.
- [ ] **Authorise it with HMRC well before you need it**
  The authorisation step is the one that fails at five to midnight.

4. Digital records about 10 minutes

- [ ] **Record rent and expenses digitally as they happen**
  Not typed up in a batch at the quarter end.

- [ ] **Categorise as you go, per property**
  The update wants totals by category, and you want the per-property view anyway.
- [ ] **Keep interest out of the expense categories**
  It is not a deduction. It belongs on its own line feeding the basic rate reduction.

5. The four updates and the year end about 10 minutes

- [ ] **Decide standard or calendar periods before the first update**
  Standard runs to the 5th, calendar to the month end. Fixed for the year once the first update is filed.
- [ ] **Diarise 7 August, 7 November, 7 February and 7 May**
  Whichever periods you chose. The deadlines are the same either way.
- [ ] **Understand the payment dates have not moved**
  31 January and 31 July, as before. Four filings is not four bills.

Zazen Tax

Accountants for landlords. zazentax.com/contact

General information, not advice for your circumstances. Rates are 2026/27 for the UK and change from time to time. Regulatory items are England unless stated.