Making Tax Digital (MTD) for Income Tax:
guidance for self-employed barristers. May 2026.

This change will affect almost all self-employed barristers. If you have an accountant or tax agent, contact them as soon as possible for further details of what you will need to do. If you do not have an account or tax agent (and do not want to engage one), see below for an outline of the requirements. You will need to submit a first quarterly update on or before 7 August 2026 and there are various steps that must be taken before then, including registering with HMRC, selecting software to make the return, and keeping the records required for the return.

1. Status

The Bar Council does not give tax advice or legal advice. We produce a Taxation Handbook: https://www.barcouncilethics.co.uk/documents/taxation-handbook/
to help barristers. This note is a supplement to the Handbook. It is not tax advice.

2. What is happening

Making Tax Digital for **VAT** has been mandatory for all VAT-registered businesses since April 2022. As of April 2026, MTD for **Income Tax** is mandatory for self-employed businesses and landlords. It applies:

- From 6 April 2026: for individuals with a combined total turnover from self-employment and property above £50,000 in Tax Year 2024/25;
- From 6 April 2027: for individuals with a combined total turnover from self-employment and property above £30,000 in Tax Year 2025/26;
- From 6 April 2028: for individuals with a combined total turnover from self-employment and property above £20,000 in Tax Year 2026/27.

Note:

- "turnover" relates to gross fee income (i.e. before expenses);
- the threshold aggregates business and rental turnover. For instance, a barrister with £30,000 of fee income and £25,000 in rental income will meet the threshold from 6 April 2026.

Further information: https://www.gov.uk/guidance/work-out-your-qualifying-income-for-making-tax-digital-for-income-tax

3. The rules

From 6 April 2026, there is a legal requirement to use "compatible software" to:

- Keep and retain transaction-level digital records of income and expenditure for each self-employment and/or property business.

- Submit a quarterly update of your year-to-date income and expenditure for your self-employed barrister practice. Separate quarterly updates are also required for any UK property business, overseas property business and any non-barrister self-employment. The quarterly updates are a summary of income and expenses, no adjustments are needed, and you don't send details on the transactions made.

  Note: You will send quarterly updates to HMRC every 3 months directly through the MTD software you chose when you signed up. Your software will pull these updates from the digital records you have been keeping. Your software will add together your digital records for each business that you have, to create totals for each relevant income and expense category.

  Each time you send HMRC a quarterly update it will cover the tax year to date, not just the previous three months. This means if you need to correct your earlier records you don't need to re-send previous updates, as any correction would be included in your latest update by your software.

- Submit a tax return using the Making Tax Digital compatible software.

  Note: This will be the same information as you currently do on your self assessment tax return, including your other personal income, making adjustments to your business income and claiming reliefs. The difference is that, after your fourth quarterly update has been sent, your tax return will be pre-populated with the income and expense figures for each business. So, you will only need to add any non-MTD income sources, such as pension, interest from savings etc; and any adjustments/disallowables that you did not record in the year.

There is no change to Self Assessment payment dates. MTD for Income Tax requires new record-keeping and reporting requirements only.

4. Deadlines

Quarterly updates must be submitted to HMRC.

Barristers can use either the standard update periods or elect the calendar update periods. The deadlines are the same:

Standard update periods

Update period	Update deadline
6 April to 5 July	7 August
6 April to 5 October	7 November
6 April to 5 January	7 February
6 April to 5 April	7 May

Calendar update periods

Update period	Update deadline
1 April to 30 June	7 August
1 April to 30 September	7 November
1 April to 31 December	7 February
1 April to 31 March	7 May

Further information: https://www.gov.uk/guidance/use-making-tax-digital-for-income-tax/send-quarterly-updates

An annual tax return must be submitted by 31 January following the end of the fourth quarter (i.e. the annual tax return for 2026-27 tax year will be submitted by 31 January 2028).

It is possible for you to align your VAT and Income Tax quarterly reporting dates. If you have an accountant, they may recommend keeping them separate so that the accountant has more time to support you rather than do everything on the same day.

5. Getting started

a. Sign up

To sign up for Making Tax Digital for Income Tax, go to the gov.uk website:

https://www.gov.uk/guidance/sign-up-for-making-tax-digital-for-income-tax click on the "Sign up now" button. If you have a Government Gateway user ID and password, login using that.

HMRC have a 3-minute instructional video:
https://www.youtube.com/watch?v=aJtCC2_OSXU

b. Choose compatible software

There is a large choice of compatible software. There are two main types to choose from: (i) software that creates digital records; (ii) software that connects to digital records:

(i) Accounting software, which enables digital record-keeping, sometimes (but not always) involving bank feeds, and the preparation of returns to HMRC, such as, but not limited to, Xero, Quickbooks Online, FreeAgent, Sage;

(ii) Bridging software, that uses records that have been created in spreadsheets and submits it to HMRC.

Receipt capture and data extraction tools – such as Dext – can be integrated with accounting software.

If you have an accountant, they might recommend particular software for you. Your chambers might also recommend software that is well set up to receive the information chambers collates of your income and expenses such as chambers rent.

You may decide it would be simpler to have two bank accounts: one for business transactions, one for personal transactions. This is because most accountants use feeds linked directly to the bank statements. By taking the feed from the business banks statements it will only capture the business transactions (save for transfers to the private account), the number of postings will therefore be fewer and more straighthood.

Different software applications can be used for the submission of quarterly updates and the final declaration. This enables taxpayers to submit their own quarterly updates, whilst their professional accountant submits the final declaration, should they prefer to do so.

The Government website includes a software finder tool where you can filter options based on your requirements: https://www.gov.uk/guidance/choose-the-right-software-for-making-tax-digital-for-income-tax

c. Record keeping

Barristers must keep an electronic record of their income and expenses. As stated above, this could be either on an Excel spreadsheet (if MTD compatible bridging software is to be used) or in MTD compatible accounting software.

For income, barristers should electronically record (at least) the amount of the fee with and without VAT and the date of receipt. This is the date the fee is received by chambers not, if different, the date the fee is paid to the barrister.

For expenses, barristers should record (at least) the amount of the expense and the date it is paid. Each expense should be categorised as one of the following: wages, travel expenses, rent/rates/utilities/insurance, repairs and maintenance, office costs, advertising, business entertainment, interest, bank charges etc, professional fees, other business expenses. (These categories are the same as the Self Assessment categories. They come from directions made under regulation 10 of The Income Tax (Digital Obligations) Regulations 2026 and are liable to change.)

Most barristers will record and return expenses net of VAT. It is also possible to record expenses gross (i.e. with VAT) and then record the VAT as an adjustment. It is important to be consistent. If the record of expenses includes both the expenses and the amount of VAT, it will be possible to use the same records for VAT MTD as well as for income tax MTD.

Taking the expenses typically incurred by barristers, they might fall under the following categories (although different barristers and accountants might properly use different allocations):

(a) Chambers rent (including rates) – **rent/rates**
(b) Chambers/clerks expenses and commission – **rent/rates OR office costs**
(c) Trains, taxis etc – **travel**
(d) Devilling – **professional fees OR wages**
(e) Repairs – **repairs**
(f) Subscriptions to books, journals, law reports – **other business expenses**
(g) Professional insurance (BMIF and top up) – **insurance**
(h) Practising certificates – **other business expenses**
(i) Client entertaining – **business entertainment**
(j) Postage, couriers etc – **office costs**

Further information: https://www.gov.uk/guidance/use-making-tax-digital-for-income-tax

d. Making your returns

Your quarterly updates

If you have used accounting software compatible with MTD for record keeping, making a return should be straightforward. You must have registered the relevant software first but it should then simply be a matter of following the relevant instructions in the software.

If you have kept the electronic records in Excel etc and are relying on bridging software, you will have to upload the relevant records to the bridging software. The bridging software will then extract and collate the relevant figures to create and submit the return.

In either case, there must be no manual copying or adjustment of the figures to be submitted. The figures submitted are totals, not the individual records.

Your annual tax return

You are not allowed to manually type your income and expenses figures into your tax return. Your tax return will be pre-populated with your income and expenses figures via the software in your quarterly returns. It is only your other information (such as pensions and savings interest) that you would manually enter as part of the annual tax return.

6. Penalties

There are:

- Late submission penalties (LSP) – these won't be charged on late submission of the quarterly return in the first year only;
- Late payment penalties (LPP);
- Penalties for failure to keep required digital records.

Further information here:
https://www.gov.uk/guidance/penalties-for-making-tax-digital-for-income-tax

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